

# Parapolitics/USA

## The Complete Set, 1981-1983

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### A brief history

*Parapolitics/USA* was a newsletter I founded and published from 1981-83. Promoted as a unique source of timely reporting and analysis of news on organized crime, intelligence agencies, terrorism, and other covert political forces, it circulated on several continents to an international audience of investigative reporters, scholars, and independent researchers. The term “parapolitics” originated with University of California professor Peter Dale Scott, who [defined it](#) (with the CIA in mind) as a “system or practice of politics in which accountability is consciously diminished.” The concept has since attracted a good deal of [scholarly interest](#).

Each issue included condensed summaries of hundreds of news stories from dozens of U.S. and international publications, collected with the help of my friend Ted Rubinstein. I also carried original articles by several authors on subjects ranging from Vatican intrigues and the Michele Sindona affair to CIA links with Cuban exile drug traffickers and terrorists. Some of these articles (and *Parapolitics/USA*) were later cited in popular and scholarly books. (Penny Lernoux drew extensively on the newsletter for her book [In Banks We Trust](#), calling it “truly impressive, and a gold mine of information.”) One original document published in *Parapolitics/USA* made the front page of the Italian newspaper *Paese Sera*. That article in turn caught the eye of Russian diplomats in Italy and led to a subscription by the Russian consulate in San Francisco, where I was based at the time as an editor of the national political journal *Inquiry*.

I ceased publishing in 1983, owing to the pressures of my new day job as a newspaper journalist. Instead, I began contributing similar but less extensive summaries of parapolitical news for two short-lived magazines, *The Rebel* and *State Secrets*. Back issues of *Parapolitics/USA* continued to sell briskly for many years through Aries Research/Tom Davis Books. Now, four decades later, I have digitized the newsletters and made them available in a single PDF for the first time.

Jonathan Marshall  
October 2024

# Parapolitics/USA

News and information for the serious researcher  
on intelligence, crime, and political extremism

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Parapolitics/USA is published five times a year by Jonathan Marshall. To subscribe send \$25 to Parapolitics/USA, 311 E. Reed St., #7, San Jose, CA 95112. Back issues are available for \$5 each.

Newspapers and Magazines Consulted by Parapolitics/USA

key newspaper  
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key newspaper  
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AC Atlanta Constitution  
 AFCC Africa Confidential  
 AJ Atlanta Journal  
 AP Associated Press  
 AQJ Albuquerque Journal  
 AR Arizona Republic  
 BG Boston Globe  
 BR Bergen Record  
 BS Baltimore Sun  
 BW Business Week  
 CDS Corriere della Sera  
 CPD Cleveland Plain Dealer  
 CSM Christian Science Monitor  
 CST Chicago Sun-Times  
 CT Chicago Tribune  
 DMN Dallas Morning News  
 DMR Des Moines Register  
 DP Denver Post  
 ECON Economist  
 ESPR L'Espresso  
 EURO L'Europeo  
 EXPR L'Express  
 FB Fresno Bee  
 FLN Fort Lauderdale News  
 GN Guardian (London)  
 HC Houston Chronicle  
 IS Indianapolis Star  
 ITT In These Times  
 KCS Kansas City Star  
 KCT Kansas City Times  
 KP Kentucky Post  
 LAHE Los Angeles Herald Exam.  
 LAT Los Angeles Times  
 LAWR Latin America Weekly Rpt.  
 LM Le Monde  
 LO London Observer  
 LT London Times  
 LVRJ Las Vegas Review Journal  
 LVS Las Vegas Sun  
 ME Middle East  
 MH Miami Herald  
 MN Miami News  
 MOND Il Mondo  
 NCR National Catholic Reportr  
 NDAY Newsday

NOBS Nouvel Observateur  
 NOTP N. Orleans Times Picayune  
 NSWK Newsweek  
 NT National Times--Australia  
 NWF New African  
 NWST New Statesman  
 NYT New York Times  
 OWH Omaha World Herald  
 PANO Panorama  
 PB Philadelphia Bulletin  
 PI Philadelphia Inquirer  
 POIN Le Point  
 PP Parapolitique  
 PUSA Parapolitics/USA  
 PW People's World  
 REG Reno Evening Gazette  
 REPU La Repubblica  
 RTD Richmond Times Dispatch  
 SAE San Antonio Express  
 SB Sacramento Bee  
 SDU San Diego Union  
 SFC San Francisco Chronicle  
 SFE San Francisco Examiner  
 SJM San Jose Mercury  
 SJN San Jose News  
 SLPD St. Louis Post-Dispatch  
 SMH Sidney Morning Herald  
 SPI Seattle Post-Intelligence  
 SPOT Spotlight  
 SPT St. Petersburg Times  
 SRCH Searchlight  
 ST Sunday Times (London)  
 STT Seattle Times  
 SU Sacramento Union  
 TAT Tampa Tribune  
 TGM Toronto Globe and Mail  
 TIME Time magazine  
 TRIB Tribune (Australia)  
 TT Trenton Times  
 UPI United Press Int'l  
 USN US News & World Report  
 VS Vancouver Sun  
 VV Village Voice  
 WP Washington Post  
 WSJ Wall Street Journal

## **PARAPOLITICS/USA**

This premier issue of Parapolitics/USA is being sent to a limited group of friends and researchers. Since the number of subscribers is at present limited more by the demands on my time than anything else, I hope readers will distribute copies as widely as they see fit.

Since copying, mailing, and other expenses for even a modest newsletter such as this are substantial, I will be charging subscription fees. The basic rate for one year (ca. 6 issues) is \$25. Those readers with institutional support should contact me about arranging even higher rates through their organization.

My hope is that Parapolitics/USA will become a clearing house for information on covert politics; that readers will send in clips, articles (anything from a paragraph long observation or short memorandum to a full-fledged article), or tips to pass on to the readership as a whole. Try to get into the habit of contributing to the newsletter.

Along those lines, I hope readers will also send comments and criticisms, whether private or for publication here, to improve the newsletter.

Although this newsletter is based at my office at Inquiry magazine, the two publications are entirely separate. The owners and editors of Inquiry bear no responsibility for anything printed here.

### **News Summaries**

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Special memorandum on "The Company" plus 14 pp. of clips

Coming soon: Kevin Coogan on European right wing terror networks

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## News Summaries

### Intelligence Community

A secret teletype from the US embassy in Tehran to Washington indicated the existence of at least four CIA agents among the hostages, under Foreign Service cover--Malcolm Kalp, William Daugherty, and possibly Clair Barnes and Phillip Ward. Thomas Ahern is also considered a possible agent. (*In These Times* (left) February 18-24, 1981)

"New Evidence Backs Ex-Envoy on His Role in Chile." Seymour Hersh's *mea culpa* regarding Ed Korry, former ambassador to Chile under Nixon, who knew little or nothing about the CIA's coup plotting against Allende. He has revealed much, however, about the extraordinary degree of CIA financial intervention in Chilean elections, dating back to the Kennedy and Johnson era. (Does anyone have Joe Trento's series on Korry in the *Wilmington News Journal*?) (NYT February 9, 1981)

Jack Anderson reports that Rep. Sam Stratton of the House Armed Services Committee (D-NY), a fierce hawk, supports a tough Official Secrets act to cut down on leaks. (WP March 1, 1981) Documents obtained by Parapolitics also show that Stratton has been in touch with Danish Bircher John A. Gregussen re the formation of anti-communist intelligence units in Scandinavia.

The State Department has reacted angrily to Mozambique's ouster of four American diplomats on espionage and subversion charges. DS blames Louis Wolf and others at Covert Action Information Bulletin, who had been in Mozambique a few weeks earlier, for instigating the action. Wolf and his colleagues denied the charge at a Washington press conference and suggested that the charge may be part of a move to push through new secrecy legislation. (WP March 6, 1981; *Miami Herald* (MH) March 5, 1981)

Reagan administration plans to step up US radio propaganda overseas, particularly to the Moslem regions of the USSR. Richard Pipes at NSC, known for his ultra-hawkish views, is said to be responsible for the idea. (MH March 13, 1981)

"Secrecy of US Reconnaissance Office is Challenged." The office is accused of gigantic cost overruns and of engaging in illegal domestic surveillance of demonstrations and riots. Operates under cloak of extreme secrecy and little oversight from Congress. (NYT March 1, 1981)

### Drugs and Organized Crime

Five-part series on the murders of Judge Wood and Lee Chagra, and the attempt on Assistant US attorney James Kerr, Jr. (*Houston Chronicle*, June 10-14, 1979)

The Turks and Caicos Islands, British possessions in the Caribbean, are transit points for \$100 million in drugs each year. A joint US-UK anti-drugs squad turned up evidence of a US organized crime plot to take over the islands if the British give them independence. (*Observer* (London), November 23, 1980)

"Diary of a Drug Bust" by Ted Schwarz. Story of the capture of "Mr. Frenchman," a major supplier in the French Connection case. He was Luis Caesar Stepenberg, an Argentine who in

turn got his supplies from August Ricord. Stepenberg supplied anti- and pro-Castro Cuban syndicates in the US. His key contact in the pro-Castro community was Alberto Leone Mendez, a Colonel in Castro's DGI, living in Florida. Mendez was arrested on June 30, 1967; Stepenberg was tried in January-February 1971. (*Chic*, April 1981)

Richard Halavais, victim of a fraudulent gold sale, is a Marin investor tied into international arms and drugs trade. He has sold arms to mercenaries and revolutionaries in Rhodesia, Mexico, and elsewhere in South America, including Guatemala's Guerrilla Army of the Poor. His address book lists such mob names as Moe Dalitz, Anthony Zerilli, and Michael Polizzi. Police suspect he is hiding out in Mexico. (*Oakland Tribune*, September 28, 1980)

Jack Anderson reports on the bureaucratic tussle between Customs and DEA; Customs wants to return to the good old days when anti-drug war was divided between themselves and BNDD. (WP February 14, 1981)

"Heroin Trade Rising Despite US Efforts." (NYT February 15, 1981)

Accused Colombian cocaine kingpin Hernan Botero may surrender to US authorities if his \$10 million bond is reduced. Botero is the socially prominent owner of Atletico Nacional, a professional soccer team in Colombia. (MH February 15, 1981)

The NY division of DEA has been criticized for its failure to make sizeable inroads into the heroin traffic. Its Northeast regional director "has become the subject of an inquiry by the FBI into allegations that he used narcotics agents for personal jobs and arranged special Customs Service treatment for friends, relatives, and other people." (NYT February 23, 1981)

Jose Alvero-Cruz was convicted of failure to pay more than \$2 million in taxes (NYT 3/1/81; MH 2/27/81) Alvero-Cruz is a notorious cocaine smuggler in Florida.

DEA arrests 120 smugglers in Operation Grouper, knocking the center out of a ring that brought 1/3 of Colombian marijuana supplies into US. Key figures are Jose Antonio Fernandez, owner of Club Alexandre; Agustin Berres, part owner of the Bank of Antigua; and steamship agent Eduardo Garcia. Other class I violators include Rubin Perez, Spiro Athanasiadis, and Richard Vaughan (MH 3/13/81). The story first broke the day before in the MH, angering the DEA.

Federal officials are reluctant to press charges against Angel Emilio Alvarez, former CETA official in Miami, in connection with the largest seizure of pure cocaine in history--some \$206.5 million worth--for fear of unmasking a confidential informant. (MH 3/11/81)

Isaac Kattan, a Colombian, is described as the biggest launderer of narcotics money in South America. He was arrested with Hector and Orlando Espinosa of Nicaragua. Great American Bank of Dade County is one of several implicated. (MH 3/3/81; MH 3/10/81; NYT 2/28/81)

Bills introduced in the House and Senate would amend the Posse Comitatus Act to permit military radar and airborne surveillance data to be passed to DEA. (*Aviation Week*, 2/16/81)

Albert Victory, an associate of the Colombo family and one of the FBI's 10 most wanted criminals, was arrested in California. Said to be mastermind of a big Florida drug ring. (MH 2/25/81)

FBI Director Webster says the drug traffic "problem is so large the FBI must take a heavier role in it." This of course runs opposite to a longstanding Bureau policy established by Hoover to avoid drug investigations for fear of corrupting his agents. (NYT 2/26/81; cf. James Q. Wilson, *The Investigators*.)

The disappearance of Valerie McDonald from San Francisco is linked to a big criminal plot, led by John Gordon Abbot, to commit robberies in order to purchase weapons for sale to drug gangs in Colombia and Bolivia, and to right wing militias in El Salvador. (*San Francisco Examiner*, 1/18/81)

Brief article on Milan connection and Mideast drugs (*New Leader*, 1/26/81).

Murder, cocaine, and bond jumping charges dropped against Mob figure Sam Cagnina after the key witness--a Metro detective under investigation for corruption--refused to testify. (MH 2/10/81)

Summary story on the investigation of Rosario and Giuseppe Gambino, cousins of Carlo, who went on trial in Brooklyn the second week in March on charges of importing heroin from Central Asia. Network said to be part of the Sicilian connection that replaced the French Connection--and includes some of the same figures, including chemists. (*Philadelphia Inquirer*, 2/2/81)

John Stanfa, driver of the car in which Angelo Bruno, former mob boss of Atlantic City, was slain on March 21, 1980, has been convicted of lying to a grand jury. (*Philadelphia Inquirer*, 1/31/81)

Russell Schonekas, defending Carlos Marcello in the Brilab case, denies charge that Marcello and Houston City Councilman Jim Westmoreland engaged in a kickback scheme over the 1979 Houston health insurance contract. (*New Orleans Times-Picayune* (NOTP), 2/24/81)

John F. Schwegmann, candidate for the Public Service Commission in New Orleans, allegedly asked the Bank of New Orleans to grant Carlos Marcello a loan extension. BNO has sued Marcello for defaulting on a loan. Schwegmann operates a chain of supermarkets and says, "My family has done business with Marcello interests for many years." (NOTP 3/7/81)

Jay Emmett and Leonard Horwitz, top officials of Warner Communications, have pled guilty to charges stemming from the Westchester Premier Theater scandal. That theater was founded with seed money from Carlo Gambino and was the object of a skimming conspiracy involving Jimmy Fratianno and possibly Frank Sinatra. (*Wall Street Journal* (WSJ) 2/11/81) Note that the Warner conglomerate swallowed up Lou Chesler's Seven Arts--a Lansky-linked concern. This major case has been little reported in the press, outside the WSJ and *Spotlight*, a weekly published by the far-right Liberty Lobby.

"The Sinatra Connection." Mob ties. (*MacLean's*, 1/26/81)

Sinatra, Las Vegas gaming board, and the mob (NYT 2/15/81).

William Safire's attack on Sinatra (NYT 2/16/81).

Senator Al D'Amato (R-NY) has hired Frank Sinatra as an intern--the 22-year-old grandson of Carlo Gambino. (New York, 3/16/81)

Long article on FBI investigation of the boxing profession, short on details. Promoter Don King is said to be a target of probe into skimming of receipts. The Perlman brothers of Caesar's World may be implicated. (NYT 2/1/81)

James Day, former Texas legislator, lobbyist, and associate of Vesco was sentenced to four years for conspiring to defraud the Libyan government (WSJ 2/11/81). Day tried to bring John White, DNC chairman, into a plot to pressure the Carter administration into releasing to the Libyan government a group of embargoed transport planes. Day was allegedly a lobbyist for Carlos Marcello in Washington--as of course was another contact of Billy Carter, Irving Davidson. Billy Carter's trip to Libya was arranged by Calabrian mafia boss Michele Papa. The press never did explore the mob connections of the Billy Carter case with any energy.

Wall Street Journal reporter Jim Drinkhall has brought a \$2 million libel and slander suit against former San Francisco strike force attorney Michael Kramer. Drinkhall charges that Kramer spread the false story that Drinkhall had taken a bribe to write an article about Kramer's attempts to make jailed mobster Sam Ray Calabrese talk about Morris Shenker, a long-time target of organized crime probes. Drinkhall's article in the December 1979 WSJ allegedly led Kramer to contact newsmen and ask them to investigate Drinkhall's personal life. (*Editor and Publisher*, 2/28/81)

Investigative Reporters and Editors exonerated on all libel and invasion of privacy counts in lawsuit brought against them by Arizona businessman Kemper Marley Sr., whose name surfaced as a suspect in the Don Bolles murder investigation. (Ibid.)

Hibernia National Bank VP Victor Lota made large fraudulent loans to 3 Las Vegas men for marijuana deals. All indicted. (NOTP 1/31/81)

George Franconero, brother of Connie Francis and a former law partner of NJ Governor Brendan Byrne, was fatally shot. Formerly convicted of bank fraud and obstruction of justice, he became an informant on mob activities in the state, including criminal infiltration of union dental plans. (*San Jose Mercury*, 3/7/81)

Well Fargo bank embezzlement case is linked to the Japanese Yakuza (criminal underworld). Bank manager Gene Kawakami made unauthorized withdrawals from the account of Muhammad Ali Professional Sports Inc., allegedly to pay a gambling debt and ransom his son, kidnapped by the Yakuza who threatened to cut off his fingers if the debt was not paid. (*San Jose Mercury*, 2/25/81)

The FBI's investigation of new labor secretary Raymond Donovan was incomplete. Example: the FBI failed to uncover the links between Donovan's construction firm and Moscato Contractors, whose NJ dump was suspected of having become the repository for Jimmy Hoffa's body. (WP 2/18/81) The FBI is still investigating Jopel Construction and Trucking, a subcontractor to Donovan's firm that is apparently implicated in syndicate operations (WP 3/1/81).

A major subcontractor on federally subsidized renovation projects in the Bronx, Vincent DiNapoli, is alleged by federal officials to be a leading organized crime figure, a capo in the Thomas Luchese family. (NYT 3/1/81)

Philip Testa, a mob boss close to Angelo Bruno, was killed by a bomb. He and 9 other Bruno associates were indicted on racketeering charges on Feb. 20. The murder appears to be part of a Gambino-Bruno war. (NYT 3/16/81)

Alvin Malnik, longtime syndicate business associate, is being sued along with Sam Cohen (of Flamingo skim fame) by tenants of his condominium, the Cricket Club. One of the attorneys representing the plaintiffs is Lawrence Rogovin. (MH 3/13/81) Any relation to Mitchell Rogovin, the former CIA general counsel?

Ryoichi Sasagawa, one of Japan's most notorious rightwing financiers and political "wire-pullers" is back in the news, first with his attempts to raise a Czarist ship said to contain vast treasures in gold and platinum (a project the Soviets have militantly denounced), and now with his son's venture into Atlantic City gambling. John Mintz takes a look at Sasagawa's background as pre-World War II ultranationalist, financial backer of the ruling Liberal Democratic Party, king of motor racing, backer of Sun Myung Moon and the World Anti-Communist League, and donor to the United Nations. Focus is on his son Takashi's partnership with Rocky Aoki (of Benihana fame) in the Shelburne Hotel. The article does not discuss other mob attempts to take over the Shelburne, which were documented by the New Jersey State Commission on Investigations in its 9th annual report. Mintz's article is in the *Trenton Times*, 2/8/81. A puff piece on Sasagawa makes no mention of his right wing or criminal background but notes that he contributed more to the UN last year than some 70 small countries combined. (LAT 3/13/81) For excellent background on Sasagawa ("I am the world's wealthiest fascist," he boasted), see *Japan Times*, 4/15/78 and John Roberts article in *Insight* (Hong Kong), 4/78.

### **Cuban Exile political activity**

"The Cuban Diaspora." Sympathetic account of Cuban exile struggle. It suggests that Castro agents and ordinary Cuban criminals, not political anti-Castro exiles, are to blame for drug traffic. Article even makes OMEGA 7 look good. (*National Review*, 2/20/81)

At least 10 heavily armed paramilitary organizations led by Cuban and Nicaraguan exiles, and including American mercenaries, are training in south Florida. (Parade, 3/15/81) Federal agents say they are keeping a close watch, but so far the camps are all show. (MH 3/20/81)

"The FBI is investigating the activities of several wealthy Salvadorean exiles in Miami following allegations that they finance right wing 'death squads' in their troubled Central American homeland . . ." (MH 3/8/81)

Charge is made that Castro agents are using 'terror tactics' against the recently formed Junta of Patriotic Cubans and one of its member organizations, Alpha 66. (*Spotlight*, 2/16/81) The name of this group is reminiscent of the Junta del Gobierno de Cuba en el Exilio, formed in 1963, that figures in one of the staff reports of the House Select Committee on Assassinations.

Cuban exile Gustavo Castillo is fighting extradition to Mexico on a charge that he kidnapped and murdering a Cuban consular official in 1976. Castillo's lawyer says the Cubans will kill him in Mexico. The Justice Department offers immunity if he will give information on exile activities (MH 3/3/81).

## **Terrorism**

The daily spate of charges from Reagan administration officials and media commentators is too voluminous to reproduce here. I will be reviewing Claire Sterling's *The Terror Network* (Readers Digest Press, 1981) in a forthcoming issue of *Inquiry*, in which I examine the specific charges of Soviet involvement in a world terrorist conspiracy, and look at how these charges (true, some of them) have been used to beef up the cold war and internal security. On Claire Sterling, Robert Moss, Michael Ledeen, and Arnaud de Borchgrave, key figures in the new anti-terror propaganda campaign, see Fred Landis's articles in *Inquiry*, "The Best Selling Lies of 1980," December 29, 1980, and "Georgetown's Ivory Tower for Old Spooks," September 30, 1979. Another important figure is Samuel T. Francis, author of a new Heritage foundation study on "The Soviet Strategy of Terror." Francis was the author of the Heritage Foundation's proposals for "reform" of the intelligence community and was the inspiration behind the formation of the subcommittee on Security and Terrorism of the Senate Judiciary Committee. For typical examples of how the hysterical right (of which Claire Sterling is not a part) gets its message into the media, see James Cary, "Moscow: The Nervie Center of Global Terrorist Network," Copley News Service, February 1981 (n.d.), and Dallas Morning News, 2/2/81, report on charges aired in the Council for Inter-American Security newsletter *West Watch*. Accuracy In Media's newsletter, which touted Moss and de Borchgrave's *The Spike* no end, is an excellent bellwether of rightwing opinion, as is *Human Events*, whose Washington coverage is first rate.

Claire Sterling's book, besides its documentation on Soviet connivance at left wing terror, has useful material on connections between left wing groups and the Sicilian mafia, and on Khadafi's support for neo-fascist groups.

The growth of ties between Khadafi and Italy is examined by the London *Sunday Times*, 2/8/81, which focuses on his heavy investments in Sicily. Khadafi has backed the Sicilian-Arab association of mafia boss Michele Papa, whose Billy Carter connections are mentioned above, and who is alleged to pass Libyan money on to right wing groups in Europe.

Senator Denton's subcommittee on Security and Terrorism may get oversight and budgetary control over the FBI and DEA. Over in the House, John Birch spokesman Larry McDonald (D-Ga.) is promoting a House internal security committee. Denton's chief of staff is Joel Lisker, former head of enforcement at the Foreign Agents Registration section of Justice, who handled the Billy Carter case. (*Human Events*, 2/21/81)

"There has been a decline in known (domestic) acts of terrorism over the past three years," says Lee Colwell, executive assistant director of the FBI. Nonetheless, Senator Strom Thurmond (R-SC), chairman of the Senate Judiciary Committee, insists that the new terrorism subcommittee "is going to be one of the most important subcommittees of the entire Congress." (WP 2/21/81)

An interagency committee has drafted a new executive order that would give the CIA greatly expanded authority for searches, surveillance, and infiltration of American groups. This broad

claim for new powers grew out of a meeting between President Reagan and intelligence officials in late January or early February, to review changes in intelligence regulations needed to expand anti-terrorist capabilities. (NYT 3/10, 3/12, 3/18/81; MH 3/11/81; WP 3/11/81) Terrorism, like drugs before it, has replaced Communism as the rationale for expanding America's domestic and foreign intelligence apparatus. For the moment, President Reagan has backed off under criticism and denied that any major changes in intelligence regulations are in the offing.

"400 Intellectuals form 'Freedom' Unit." Led by Midge Dector, wife of *Commentary* editor Norman Podhoretz, the Committee for the Free World will combat Soviet and Cuban backed terrorism. Support comes from such far-right sources as the Scaife Foundation, John M. Olin Foundation, and Smith Richardson Foundation, all of which have ties to the intelligence community. (Richard Mellon Scaife, for example, owned the CIA news front Forum World Features, for which Robert Moss was a regular contributor). Dector says the impetus for forming the group was a meeting held in Jerusalem two years ago. (NYT 2/19/81) According to the WSJ, 7/26/79, participants at that conference included former CIA director George Bush, former CIA deputy director Ray Cline, Robert Moss, and Brian Crozier--the latter two being paid propagandists for the CIA and British intelligence, and well-known mouthpieces for French and Israeli intelligence. Cline is one of the most vigorously outspoken advocates of the "Soviets are behind it" theory of terrorism. He was head of the East Asia policy working group of the Reagan-Bush campaign; on a trip to the far east in November he visited with Pol Pot forces in Cambodia to pay his respects. The Jerusalem Foundation that sponsored the 1979 conference is an Israeli intelligence front established in the memory of one of the fallen Israeli commandos at Entebbe.

George Bush, as Director of Central Intelligence, tried to sabotage the investigation of the assassination of Orlando Letelier and Ronni Moffit in 1976. That thesis, advanced by John Dinges and Saul Landau in *Assassination on Embassy Row*, is further elaborated in John Cummings, "The Bush Connection: Is George Bush Hiding the Facts Behind the Letelier Assassination?", *Swank*, n.d. (April 1981?) When is the media going to pick up on the fact, mentioned briefly in WP 5/21/78, that Guillermo Novo and Alvin Ross were caught by police with cocaine and weapons, apparently ready to flee the country? My sources say this story was long denied by FBI sources, who didn't want the media to "taint" the Letelier investigation with a drugs angle. But it would surely be relevant if Operation Condor terror actions were being financed largely out of the drug trade. It appears that Novo and Ross may have obtained their cocaine from Alvero-Cruz, on whose conviction see above.

Ex-CIA deputy director Vernon Walters recently visited Brazil, Argentina, and Chile as Reagan's special envoy, to reassure them of the new administration's friendship. The US is warming up to Chile--restoring Ex-Im bank credits, opposing resolutions of the UN Human Rights Commission, and inviting the Chilean navy to join annual exercises. However, the Justice Department still plans to review and possibly retry the Letelier defendants whose convictions were set aside by a US court of appeals last September. (MH 3/3/81)

## **Nugan Hand, Task Force 157**

A *New York Daily News* story on Nugan Hand gives only the bare outlines of the case, but mentions disappearance of one Frank Jones, a CIA operative in Thailand, who dropped out of sight in Malaysia with \$10 million in cash. (reprinted in NOTP 2/15/81)

My article in *Inquiry*, November 24, 1980, remains the best summary of the case. However, new information has come to light concerning the ties of bank officials Michael Hand and Bernie Houghton to US naval intelligence--in particular to Ed Wilson and the top-secret Task Force 157. Brian Toohey's articles on this are reprinted in this newsletter. On the Shadrin case, which mysteriously intersects that of Nugan Hand, see Tad Szulc in *New York* 5/8/78, and Henry Hurt in *Readers Digest*, February 1981 (book excerpt).

Frank Nugan's body was exhumed after a report that he was sighted in Atlanta Georgia; the body is indeed his. (*Weekend Australian*, 2/7/81)

The FBI admits to having 201 pages of files on Nugan Hand. In response to an FOIA request, 155 pages were withheld in their entirety and most of the rest are blanked out, on a national security exemption. The traffic originates mostly from the US "legal attaché" (FBI) in Manila.

Jack Anderson claims that on September 23, 1976, there was a secret meeting in Kampala of Idi Amin's security adviser, Robert Astles, Wadi Hadad (the Palestinian terrorist leader), "Carlos the Jackal," and Frank Terpil, Ed Wilson's business partner. Anderson suggests that the CIA could have stopped Terpil at any time but chose not to. In this connection it is worth noting that Smith and Wesson falsified reports to the Department of State re their shipment of night vision devices to Libya. (Writes *Africa Confidential*, 3/28/79: "Washington--according to some sources--has reacted 'leniently' to the allegations.") WP 2/18/81. Maxine Cheshire reports that Terpil's partner George Korkala may have been murdered in Amsterdam to keep him from talking to US authorities. (WP 3/11/81)

"Yemen Frees US Pair Held as Spies." One of the two Americans freed was DuWayne Terrell, identified as an employee of Aeromaritime Inc., a Washington -based marketing concern. (NYT 2/17/81) The Times doesn't mention that Aeromaritime was the name of one of the commercial fronts for Task Force 157, though officials of the present company deny any connection.

## **Sindona**

Sindona's associate Joseph Macaluso was convicted of aiding Sindona's attempt at bail jumping. WP 2/17/81. The US press has largely ignored the Sindona case, although a major parliamentary inquiry has opened in Italy.

An Italian journalist close to the story says that Christian Democrat leaders Fanfani and Andreotti have been called to testify about Sindona's financial subventions to the party. A lawyer arrested in mid-March has said that those contributions totaled 6 billion lire.

In the US, Sindona's trial should begin in early April, after the psychiatric examination is completed. Sindona is being represented by the firm of Weinberg and Oteri in Boston. Weinberg is looking for a "graymail" defense by trying to prove that the Italian financier worked for the CIA (probably true, as a conduit for black funds and purchaser of the Rome

Daily American) and for the Pentagon in Sicily (probably false). Discovery proceedings against the CIA are under way. Weinberg is also closely connected to Michael Caruana and several figures in The Company (see attached memo).

An important name has suddenly resurfaced in the Sindona case: John McCaffery, a former wartime British intelligence agent in Switzerland and postwar representative of the Hambros bank, which had business dealings with Sindona. McCaffery died in February; just before that he made out an affidavit stating that he had plotted with Sindona in an attempt to overthrow the Italian government (presumably in 1970 or 1974).

### **CIA and the banks**

Jim Drinkhall has followed up his Castle Bank story with a new one on the closely linked Mercantile Bank and Trust Co. (MBT)--see attached. His story may be only the tip of the iceberg. Attorneys for the liquidators of MBT, Williams and Connally (that's the firm of Edward Bennett Williams, whose CIA connections are elaborated in Jim Hougan's Spooks) are claiming that MBT's purchaser, the International Bank, was itself a CIA front. General George Olmstead, head of the IB, served in G-5 in the China theater in 1944 and 1945, where he came to know Paul Helliwell, the CIA lawyer who represented the Castle Bank, and Dmitrios Stampados, like Helliwell and OSS agent in China, who served as Helliwell's office manager until becoming chairman of MBT in 1970. Stampados says he and Helliwell advocated rapprochement with the Chinese Communists in the late 1940s. Stampados and Olmstead both worked for Air Force intelligence after the war, though it is unclear if they served together. Olmstead is particularly interesting because he allegedly acted as a conduit for Trujillo money into Washington in the late 1950s.

The IRS investigation of offshore banking, Operation Haven, uncovered a possibly illegal pattern of financial and land dealings centering around Paul Helliwell, who was instrumental in the Disney World land purchases around Orlando, and around the MBT. The IRS charged that Orange County (Fla.) Commissioner L. Ralph Poe, Jr., whose brother was president of Helliwell's Bank of Perrine and Bank of Cutler Ridge, and a director of the Castle Bank, used a trust account at MBT to hide profits he made on the Disney World deals. Among the people from whom the IRS took testimony were Stampados, who invested in the land firm under investigation; Orlando attorney Robert R. Hendry, a former member of Helliwell's law firm who set up MBT in 1962 and became IG Mosvold's personal attorney; and Richard L. Mark, president of the land firm, who previously handled D. K. Ludwig's real estate and hotel interests in the Bahamas, that intersected so strangely with those of Lansky associates.

A key Castle Bank figure is back in the news: Burton Kanter, the Chicago lawyer who represented bank clients, is now a silent partner behind Cablevision systems of New York City. (*Soho News*, 3/18/81)

### **Miscellaneous**

Mitchell WerBell III, in a recent interview, says he is about to break with the US Labor Party, whose security staff he has been training at his Powder Springs, Ga. estate. (*Critique*, Spring 1981).

Arizona state bar recommends that Kleindienst be disbarred for his role in Teamster insurance scandals. (*San Francisco Chronicle* 3/10/81)

Watergate: three deep throat theories emerge. Joe Trento of the Wilmington News Journal (and formerly Generoso Pope's man in Washington) says it is a composite but raises possibility that it might be John Paisley (who is known to have had some rather wild parties with Carl Bernstein). Two ex-CIA staffers say the Post stories emerged out of a wife-swapping ring of CIA officials and prominent Washington journalists. Finally, Jim Hougan, who is writing a major work on Watergate for Random House, is keeping his theory close to his chest. "My book will name as Deep Throat someone who most people have never heard of." (*New York*, 3/16/81) Other contenders include longtime favorite Robert Bennet, Jr., and Haldeman's choice Fred Fielding, now a counsel to President Reagan.

Miami Cuban businessman Jose Manuel Casanova is favored to become INS commissioner. Casanova was a state county Reagan-Bush committeeman, and the largest Cuban fundraiser for Nixon in 1972. (MH 2/5/81) Casanova is president of Flagship National Bank of Westland (MH 2/22/76) in which the Smathers family and Roy Carver are major shareholders (MH 2/14/81). Carver and his partner Eugene Holley paid bribes to get rights to an oil drilling venture in Qatar. Holley is former chairman of the Georgia State Senate Banking Committee, where he did special favors for two banks close to Carter: Bert Lance's National Bank of Georgia, and the huge Citizens and Southern. Holley has recently been convicted of misapplying bank funds. (NYT 9/23/80; NYT 4/10/79) Casanova was also the man who picked Ricardo Nunez to head the Cuban Refugee Program under President Ford; Nunez was an alumnus of Operation 40 (the CIA's notorious assassination and counterintelligence program active during and after the Bay of Pigs), and later head of Latin American sales of Gramco, a mutual fund patterned after IOS that collapsed in the early 1970s and became Arlen Realty. Finally, Casanova is said to be very close to Edgardo Buttari, former mayor of Havana, head of Cubans for Nixon in 1968, and a friend of Bebe Rebozo whom Rebozo brought into a shopping center developed by the notorious Polizzi construction firm. Buttari in turn brought to the shopping center the Condom-Gil brothers, both anti-Castro plotters, who were later convicted on a massive cocaine smuggling charge.

Former Howard Hughes confidant and convicted swindler John Meier was indicted with Gordon Hazelwood and William McCory in the murder of Vancouver businessman Alfred Netter. Meier was paroled in January after a 30-month prison term for fraud. (*Sacramento Bee* 2/11.81) Tax documents show that the Hughes estate is worth only \$460 million. The IRS has levied a bill for \$275 million in due taxes. (MH 3/8/81)

The Thai coalition government has collapse in the wake of revelations of a scandal over the importation of Saudi oil; huge kickbacks are allegedly involved.

James Feeny, the government's informer in the Billy Carter/James Day/ Robert Vesco Libyan plane case, is convicted of bank fraud. (WSJ 3/10/81) See Drugs/Mob section on James Day.

Spokesman of Orbital Transport and Raketan AG (OTRAG) says reports of sale of intermediate range missiles to Libya, where OTRAG is testing, are "ridiculous." (WP 3/14/81)

Profile of NY lawyer Roy Cohn, including his political connections and numerous legal difficulties. (NYT 2-19-81)

Senator Laxalt (R-Nev) has prevailed on Reagan to pick his former law partner Reese Taylor to head the ICC. This is a payoff to the Teamsters for their loyal campaign support. Says one

Teamster, "We want someone who does not have a maniacal devotion to the free market." This makes Ted Kennedy more of a free-market buff than Reagan. (*Business Week*, 3/16/81)

The SEC has subpoenaed records from the First National Bank of Dallas, the First National Bank of Chicago, and the Republic National Bank of Dallas for its investigation of the Hunt brothers. (WP 3/5/81)

Former Tennessee Governor Ray Blanton has been indicted for using his influence to peddle liquor licenses. (NYT 3/14/81)

Saul J. Cooper, a Miami lawyer, appears to be a fraud artist, establishing phony banks in the Bahamas and elsewhere, then cashing phony cashiers' checks. Shot and wounded by a contract killer, he is also the honorary consul general for Lesotho. (MH 3/9/81)

Amos Dawe, the fugitive Singapore financier in trouble with the Moscow Narodny Bank, claims his life will be endangered if he is extradited to the Far East to face fraud charges. (*Palo Alto Times Tribune*, 3/14/81) This case has been simmering for several years now, with hints of CIA and KGB involvement; the best coverage has been in the *Wall Street Journal* and *Far Eastern Economic Review*.

Trial begins of Army responsibility for the death of Edward Nevin in 1950. His family claims he was the victim of bacteria set free in a biological warfare test. (San Francisco Examiner, 3/17/81)

A far-right source says that Israeli agents are infiltrating the US government. These include Reagan defense adviser Edward Luttwak and Joseph Churba, who was fired from air force intelligence after leaking classified information to Israeli Mossad agents. Also implicated is Richard Perle, former defense staff adviser to Senator Henry Jackson and now assistant secretary of defense for international security affairs. (*Spotlight*, 2/16/81; *Human Events*, 2/21/81) My own Washington sources confirm these assessments, as have other, more mainstream, publications.

Hardwicke Co.'s Great Adventure amusement park in New Jersey, taken over in 1975 by Hardwicke's bankers, First Chicago, and then by the Six Flags unit of Penn Central, won \$8.5 million in damages against a New Jersey family that fought its development plans. Great Adventure appears to have had an uncanny ability to hire lawyers out from under this family, all the way up to the son of Supreme Court Justice William Brennan Jr., who handles appeals from New Jersey. Article notes that Hardwicke apparently bribed Robert L. Heymann, senior vp at First Chicago, which financed Great Adventure; that Abscam indictee Senator Harrison Williams boasted that he could get an Atlantic City casino license for Hardwicke if the "sheiks" would put up the money; and that Hardwicke had to abandon plans to open a chain of Studio 54 discos after the two original partners were arrested for tax evasion. Finally, a former vp of Hardwicke has been accused by the SEC of insider trading in Hardwicke stock. (WSJ 2/27/81) These and other connections--including the Sasagawa/Aoki deals--are charted out in one of the attached pages.

## **The Company: Drug traffickers, arms dealers, rogue agents, and the CIA**

By Jonathan Marshall

"You jerks aren't going to get away with this," screamed Rita Jenrette at the "assholes"--several trench-coated FBI agents--who handed her a subpoena last November. This time her distress wasn't related to her husband's recent conviction in Abscam, or to her well-publicized marital troubles. Instead, she now had the unpleasant duty to testify about her relations with federal fugitive Frank Terpil, a former CIA agent turned munitions trafficker and, if a government indictment can be believed, mastermind of a \$1 million plot to assassinate an opponent of Libyan strongman Moammar Khadafi.

Frank Terpil, moreover, is one of the literally hundreds of people involved, directly or peripherally, in what federal investigators are calling the "largest drug smuggling operation ever uncovered in the United States." Law enforcement officials in at least twenty states call it The Company. One of its former members puts its gross at a billion dollars, and the Drug Enforcement Administration (DEA) isn't disputing the figure. To date more than 60 indictments have been handed down, and operations of The Company remain under investigation by the FBI, DEA, Customs, IRS, Alcohol, Tobacco and Firearms, and Federal Aviation Administration. No one agrees exactly how far its tentacles spread or even who the members were. But it is now clear that the conspiracy encompassed a bewildering array of arms traffickers, CIA agents, and murderers. Its operations throw light on everything from support for Libyan backed terrorists to the El Paso murder of US District Judge John Wood, to the proliferating guns-for-drug traffic in south Florida.

Consider the scope and sophistication of The Company's organization: The DEA has seized so far 196 tons of marijuana from Company-linked smugglers, and more may follow. The feds have uncovered 33 airports used by the smugglers (who flew the pot in from Colombia), including 3 they owned outright and 7 others they controlled. The Company had a board of directors, a stable of attorneys, bag men, and polygraph operators to root out snitches; a slush fund for bail, a fleet of DC4s, DC6s, and DC7s, and a network of tankers to fuel the trucks that transported the weed. They had connections from Pennsylvania to California, from Minnesota to Georgia, and foreign bases in Colombia and the Caribbean.

Of course, with profits in the marijuana trade so high, thanks to its popularity with millions of Americans, it's not surprising that some of these drug entrepreneurs should be as sophisticated and well-funded as the feds. What is surprising is the number of conspiratorial types on the fringes of American society that The Company drew into its circle.

The leaders themselves were mainstream Americans. According to St. Louis DEA officials who coordinated "Operation Gateway," (a reference to the Arch, the "gateway to the West"), The Company was "incorporated" in early 1976, at Tony's Spaghetti House, a humble establishment in Alton, Illinois. There met the three men whose names figure most prominently in the first series of indictments handed down in November by a federal grand jury in East St. Louis: Richard Dial Thorp, James Dugan, and James Mitchell.

The three were about as far from the underworld stereotype as could be imagined. Dugan and Thorp, both 33, had been high school wrestling partners, remembered by their coach as "straight arrow types . . . just good kids." Dugan joined the Marines right out of school, then shipped off to Vietnam where he lost both legs when a land mine exploded. Much decorated for his service, he returned to settle in East Alton, married a high school cheerleader, and raised a son. A model neighbor to those who knew him, he allegedly directed the complicated air shipment of marijuana into and out of the St. Louis region, and personally supervised unloading of the planes.

Thorp also served in Vietnam after a short stint at Southern Illinois University. On his return, he bummed around from one job to another, until in 1973 he wound up in Georgia where he married. There he tried his hand at the drug business and found it considerably more exciting and lucrative than the other occupations he had sampled. He was indicted in 1975 on a marijuana conspiracy charge but fled, apparently back to Alton where he helped found The Company. He was arrested again in 1979 in Clayton County, Georgia, when drug agents seized 15,000 pounds of marijuana. Again he fled, was convicted in absentia, and has yet to be located despite an extensive FBI manhunt. He has been seen in Colombia and the Bahamas. Thorp, sometimes called the "president" of The Company, would, according to the indictment, "direct the day-to-day operation of the enterprise and would endeavor to assure the loyalty of the defendants and other co-conspirators . . . through his lieutenants." [Postscript: The FBI finally arrested Thorp in Ft. Lauderdale in 1975 and he was sentenced to 55 years in prison the following year.]

The third kingpin of this operation, James Mitchell, is a couple of decades older than his two youthful partners. He retired in 1977 as a supervisor in the sales department at the Olin Corporation in East Alton, where he had worked for 25 years. His sons played basketball at the local high schools, and he collected old-model cars as a hobby. But the urge to escape this humdrum existence proved irresistible. Sometime in 1977 he left his family for more exciting parts. In Florida he established a luxury-boat business, all the while maintaining his farm in Brighton, Illinois as a sort of vast marijuana storehouse. His estranged wife denies any knowledge of his drug activities. Mitchell, says the indictment, "would lease or purchase airports and airstrips for landing planeloads of marijuana and warehouses for the storage of imported marijuana." He was finally nabbed at Dovesville, South Carolina while attending to a big shipment. He was convicted and received a total sentence of 84 years.

So what does all of this have to do with lovely Rita?

Not much--at least directly. But one of the key figures in The Company was John Ethridge, who surrendered last fall and is now cooperating with the authorities. He was a former aide to Congressman John Jenrette Jr., who was defeated for reelection following his conviction in the Abscam case.

According to a source familiar with the case, Ethridge was also the go-between for Frank Terpil and Colonel James Atwood, an international gun dealer who sold large caches of arms abroad, particularly to Latin America. Atwood had a history of service for U. S. intelligence agencies and is widely rumored to have done favors for the CIA, although he denies it. In 1978 he leased an island estate in a salt creek near Savannah, Georgia to Bradley Bryant, kingpin of the Philadelphia branch of The Company.

Some unconfirmed sources claim that the estate doubled as some kind of mercenary training center. Bryant and Atwood fell out later in the year, and Atwood booted his associate out.

Rita Jenrette was also well acquainted with Atwood's alleged business partner Frank Terpil. Her husband John and Terpil shared the same lawyer. She and John, she says, conferred with Terpil about the Abscam case--in August, well after Terpil's indictment for murder and gunrunning, and just before he fled the country. Indeed, Rita knew Terpil well enough to drive his girlfriend to a passport office.

None of this would have been so embarrassing if Terpil were not such an unpleasant character. To meet Terpil, admittedly, one would never guess his reputation. In novels, at least, killers aren't so soft-spoken or quick to smile. His youthful looks (belied only by a middle age paunch), twinkling eyes, and relaxed manner don't give him away. But Terpil was a Brooklyn boy who went bad, a "working-class anti-hero" in the words of one close acquaintance.

If Atwood's connections with the CIA--also known as the Company in trade circles--are hazy, Terpil's are not. He went to work for the CIA right out of the army, stationed first in Bangladesh, and then in Cyprus, where he surveyed the entire Middle East. After six years with that company, he was "terminated unfavorably," allegedly for selling restricted night vision scopes to Libya. From there, Terpil was off to the start of a brilliant if murky career as arms salesman, mercenary, and would-be assassin. According to Justice Department files, Terpil and his associates--recruited from among former CIA and special forces experts in undercover warfare--were hired to train Libyan agents in "espionage, sabotage, and psychological warfare." In particular they instructed Khadafi's hit squads in the subtle art of fashioning bombs and boobytraps to eliminate enemies of the regime.

Along the way, Terpil met and befriended Carlos, the infamous Venezuelan-born terrorist who the Israeli's accuse of masterminding the 1972 Munich massacre. Terpil, who sported a line of Idi Amin T-shirts emblazoned with the picture and title of the "King of All Africa and Conqueror of the British Empire," also became a close adviser and arms salesman to the demented Ugandan dictator, according to prosecutors.

The Jenrette's were only small fry among the heavy fish ensnared by Terpil's far-flung net. Billy Carter ran into the man while visiting Libya during the 10th anniversary celebration of the Khadafi dictatorship. The two hit it off--Terpil acted as Billy's unofficial "interpreter;--and Terpil later ventured all the way to Americus, Georgia to discuss a big sale of machine guns to Libya, although nothing apparently ever came of the deal. Terpil was also part of Khadafi's multi-year effort---starring Billy Carter and Robert Vesco as agents of influence--to persuade the United States to release eight C-130 transports purchased by Libya but embargoed nine years ago. Finally, there are strong indications that, long after his discharge from the CIA, Terpil continued to have close contact with the CIA and Israeli intelligence in regard to his Ugandan operations, through a complex of front companies in London and Switzerland.

Terpil was arrested in December 1979 after he allegedly tried to sell 10,000 machine guns to undercover detectives posing as Latin American revolutionaries---then indicted in April 1980 for a \$1 million murder plot against a former member of Libya's ruling revolutionary council. He fled the country last September, although he is rumored to return from time to time.

Indicted with Terpil in April 1980 on the murder conspiracy charge was another former CIA agent, Edwin P. Wilson, who likewise has fled the country to avoid prosecution--most likely to Tripoli. Wilson sold plastic explosives and bomb timers to the Libyans, and worked with Terpil on a Libyan plot, backed by French veterans of the Secret Army Organization, to foment a coup in Chad in 1978. This formidable man, a black belt in judo whose bar room exploits are legendary, served the CIA from the Bay of Pigs to the fall of Saigon--where he was one of the last Americans to be evacuated by helicopter in the spring of 1975. As early as 1971, however, Wilson infiltrated, on behalf of the CIA, a top-secret Navy spy program called Task Force 157. This shadowy operation--whose existence the Navy has never even acknowledged--was shut down in 1977 when the Navy, according to government sources, decided it was simply "too hot to handle." Wilson, however, was forced out as early as 1975, when Admiral Bobbv Ray Inman, then the director of naval intelligence (and now second in command of the CIA) discovered that Wilson and many of his associates were defrauding the government of millions of dollars through the dummy companies they used as intelligence fronts.

One of Wilson's close friends and Task Force 157 contacts was Bernie Haughton in Australia. Haughton is now an international fugitive, having gone underground in the wake of the scandal surrounding the collapse of the Nugan Hand Bank (*Inquiry*, November 24, 1980). Houghton, who is himself reported to have worked for US intelligence, represented the bank--now known to have been a conduit for drug money--in Saudi Arabia and Singapore. He was also deeply involved in the arms traffic in Southeast Asia and Latin America.

When Justice Department investigators began putting together the complicated story of Wilson's activities, according to Jack Anderson, they stumbled across several leads that "indicated CIA connivance but could not be followed up. The agency . . . stonewalled inquiries that threatened to hit too close to home." One of the hottest of these leads, according to the files Anderson obtained, involved two highly skilled technicians at the naval weapons facility at China Lake, California. These men, say the documents, "had been involved in the development and design of Special Forces type devices," including "classified CIA concealed weapons systems." While working at China Lake, they were hired to work for Khadafi--much like Wilson and Terpil--but after a stint in Libya were permitted, amazingly enough, to return to their highly classified jobs.

A secret report compiled by the Alcohol, Tobacco, and Firearms Bureau, apparently unavailable to Anderson, contains further startling information. Several China Lake employees have been implicated in actual weapons thefts from the facility. And those weapons, says the ATF, ended up not in Libya but in clandestine drug syndicates in Latin America.

China Lake, located in the vast Mojave Desert, is a major testing ground for top secret electronic devices and exotic weapons. A total of four suspects are involved in the theft ring uncovered by the FBI and Naval Investigative Service as far back as 1978. Three years later a federal grand jury in Fresno, California is at last expected to hand down indictments in the case.

The thefts included radar components and at least nine Starlight night scopes that produce a clear image in low light conditions. Two of the suspects have claimed that they stole the equipment on behalf of the CIA; the plan, they contend, was to trade the weapons to Libya for a secret Soviet radar, to which the China Lake technicians wanted access. "We

were trying to duplicate it," says former China Lake employee Ralph Calvani, "It has extremely long-range capabilities for surface and air searches. The Russians had given their radar system to the Libyan government. We were going to get it. We hoped to save our government hundreds of thousands of dollars, maybe millions in research and development costs."

But government investigators tell a different story. They say the weapons thefts were actually part of a vast guns-for-drugs network established by The Company. They point to the fact that two of the stolen night scopes turned up in the possession of Company associates. One was found in the wreckage of a plane that crashed off the coast of Colombia; the other in a weapons cache uncovered at a warehouse in Lexington, Kentucky.

Federal weapons charges in the latter case were brought against Bradley Bryant, a Philadelphia businessman and society figure who prosecutors name as a key figure in East Coast operations of The Company. He leased the Kentucky warehouse where police found a Soviet-made machine gun, anti-tank and anti-aircraft guns, and one of the stolen night scopes. Authorities also claim that he was in Colombia waiting for the plane that crashed carrying the other scope. Bryant was finally arrested on January 4, 1979, after police found in his hotel suite a stash of semi-automatic weapons, a silencer, telephone scramblers, daggers, ski masks, and 11 phony drivers licenses--enough to outfit a small commando team. Says one federal official without elaboration, "There was a foreign operation planned."

But what really ties The Company into the China Lake episode is the role of Bryant's cousin Larry, who retired in October after a long career as an Air Force electronics specialist. Larry worked at China Lake and is one of four suspects in the thefts. Bradley, according to some sources, was the instigator of the China Lake thefts. Still unexplained are the Bryants' claim to have engineered those thefts on behalf of the CIA. Bradley did own a security services firm said to have close government ties. Remarks U.S. Attorney Peter Vaira, "This was a James Bond sort of story, an amazing story. There's something awfully strange here."

It is through the Bryant cousins that the story of The Company may throw some light on the murder of U. S. District Judge John H. Wood, Jr., the first federal judge murdered in U. S. history. That murder, still unsolved, brought armies of FBI agents down to San Antonio to comb through possible leads. One of those leads, recently declared "red hot" by one high Justice Department source, establishes a relationship between the Bryants and Jimmy Chagra, a flamboyant Las Vegas high-roller and drug smuggler who before the murder had been scheduled to stand trial under the judge, known for his severe penalties. Much of the investigation into Wood's murder has focused on Chagra's activities and apparent motive. Chagra has denied any complicity, but has since disappeared, following his conviction and life sentence on the narcotics charge. [Postscript: Charles Harrelson was later convicted of the contract killing of Judge Wood. Jimmy Chagra was eventually apprehended, admitted to a role in the murder, and served more than six years in prison before his release.]

Bradley Bryant's security firm provided bodyguards to Chagra, investigators have learned. According to one source Larry Bryant himself served as Chagra's bodyguard. An Office of Naval Intelligence report states that Larry Bryant was observed in El Paso--Chagra's home town--loading stolen night scopes from China Lake into the back of a pickup truck.

Another Company-Chagra connection was Bradley Bryant's lawyer and business partner, Philip Ryan of Springfield, Massachusetts. Ryan represents other Philadelphia

figures in the Company, including Larry Bryant. He also represented New England organized crime figure Salvatore Michael Caruana, a member of the crime "family" of Raymond Patriarcha, in his appearances before the federal grand juries that indicted Jimmy Chagra on the drug charges and investigated the murder of Judge Wood. Caruana had originally come to El Paso in December 1978 on Jimmy Chagra's behalf as a "private investigator" to look into the mysterious murder of Jimmy's brother Lee, a well-known narcotics lawyer.

Was Jimmy Chagra part of The Company's suns-for-drugs network, as suggested by his ties to Larry Bryant? The possibility cannot be ruled out. Wherever one looks, guns were as much a part of The Company's far-flung operations as marijuana itself. From China Lake to Lexington to South Florida to Colombia, the trail of arms is the trail beaten by Company agents. But not only The Company: The illegal weapons trade has become the hallmark of drug rings around the world. This can best be appreciated by considering the life history of the remarkable brainchild of gun inventor George Ingram, the M-10 submachine gun.

The M-10, characterized by one former manufacturer as "the court of last resort," is the preferred weapon of secret police, drug smugglers, and urban guerrillas. What makes the gun so desirable is its extremely small size and weight, its near imperviousness to abuse, and its extremely high rate of fire--it can discharge a 30-round clip in less than two seconds. Although its sale is tightly controlled by the State Department's Office of Munitions Control, the gun has been sold to official customers--usually intelligence and counterinsurgency services--in Spain, Great Britain, Honduras, Saudi Arabia, Colombia, and Brazil, among others. Israeli commandos used the gun at Entebbe, in preference to their own highly regarded Uzi submachine gun. The Chilean military junta took a huge order only weeks after the September 1973 coup d'etat against Salvadore Allende. U. S. Navy and Special Forces anti-terrorist teams train with the gun. It has even turned up in European neo-fascist circles, probably supplied by the Spanish intelligence service in the last years of Francoist rule.

The Ingram has become *de rigueur* among the drug smuggling set. Nowadays it is marketed in a smart canvas satchel that unzips to form a bullet-proof vest. Inside is a complete "assassination kit," including the M-10 with screw-on barrel, a silencer and spare ammunition clip. "These weapons keep showing up in the drug-smuggling operations," says one Florida-based Customs official. "It's a common denominator." Authorities discovered 340 Ingrams in the Tampa house of an 82-year-old woman, apparently stashed there by smugglers. Another 10 "assassination kits" were found in a Miami airport locker last August. So far the weapons have accounted for at least 11 murders in South Florida, the work of rival Cuban and Colombian syndicates.

One celebrated drug trafficker, a Cuban exile named Alberto Sicilia Falcon, actually negotiated for the rights to manufacture them on his huge, closely guarded estate in Mexico. Sicilia's drug business was so vast that, according to the DEA, he had "revenues reliably established in the hundreds of millions of dollars." His arrest in 1975 led to 73 indictments in the United States--more even than for The Company--and another 31 abroad. Sicilia told Mexican authorities, while under interrogation, that he had been trained at Fort Jackson in the 1960s for anti-Castro operations, had worked for the CIA against Allende in Chile as had other Cuban exiles), and had arranged to traffic weapons in Latin America on behalf of the CIA. His story is far from implausible. The CIA has traditionally worked closely with drug and organized crime rings. Besides being valuable sources of intelligence, they are well financed,

opportunistic, and easily "burned" if anything goes wrong. The CIA-mob plots to kill Castro are the most notorious examples.

The Ingram--made famous by appearances in *Three Days of the Condor* and other films--was first manufactured on a commercial basis by Georgia-based Mitchell WerBell III, the inventor of an ingenious silencer for the M-10. WerBell is a man whose career defies summary. A compulsive conspirator and "spook," WerBell's talk is often bigger than his act---but both have been colorful enough over the years to provide materials for dozens of articles and books. He fought with the OSS in China during World War II, and by most accounts continued for many years thereafter to freelance for the CIA on assignments in Southeast Asia and Latin America. As an entrepreneur he trafficked in both guns and coups d'etat: He hooked CBS into partly financing an abortive invasion of Haiti in 1967 (which became the subject of a Congressional investigation); then a few years later he plotted (with no more success) to free the island of Abaco from Bahamian rule. In 1974 he brokered the sale of assassination devices to his old OSS friend Lucien Conein, then head of "special operations" at the DEA. Whenever WerBell has become too hot to handle, the government has tried to slow him down with legal action. One indictment in 1974 on weapons charges prevented WerBell from testifying before Congress about his alleged negotiations to deliver 3,400 M-10s to international swindler Robert Vesco, then residing in Costa Rica. Another, brought in 1975, identified WerBell as the "apex" of a big dope ring. WerBell's attorney denied the charge in his summation to the jury, saying his client, Mitch WerBell, may have been involved in revolutions, insurrections, even assassinations--but not marijuana smuggling.' His co-defendants included Gerald Cunningham, a worldwide trafficker in Uzi submachine guns and inventor of his own automatic pistol; William Bell, an international arms salesman for WerBell and a fellow traveler in the Abaco invasion plot; and John Nardi, a Cleveland-based Teamsters Union official. The defendants were acquitted following the death in a plane crash of the chief prosecution witness Kenneth Burnstine, a convicted drug smuggler and WerBell arms salesman.

The case also marked the first indictment on drug charges of The Company's president-to-be, Richard Dial Thorp. Thorp, of course, fled after his indictment and never stood trial. According to the government's case, he met with WerBell sometime in May 1975 to discuss the drug business at WerBell's Powder Springs estate, and again on May 30 to arrange delivery of two tons of marijuana to William Bell. WerBell apparently has had no contact with Thorp since the indictment. No one has accused this eccentric spook of aiding The Company's operations.

But WerBell was extremely close to another defendant in The Company's network: Robert Morgan. Morgan is a legendary bush pilot, a daredevil who survived the wildest risks until his imprisonment last year after the government caught him with 4,300 pounds of marijuana and a DC-3. Morgan, brilliant, vain, witty, and handsome in his cracked leather flying jacket and Greek fisherman's cap, acted and looked the complete soldier of fortune. People in his profession, like any other, get to know one another, so it is no wonder that his friendship with WerBell was apparently of longstanding. That friendship was cemented a few years ago when WerBell got cancer and Morgan undertook to fly him regularly to a specialist in Alabama for treatment. WerBell and Morgan also shared a most curious acquaintance, according to one informed source: Frank Terpil. The nature of Terpil's business with Morgan is

still unclear, but in 1975 the FBI began tracking Terpil's movements after he bought several cases of Ingrams from WerBell's stocks.

When WerBell's Military Armaments Corporation went defunct in the mid-1970s--around the time that he allegedly tried to sell his stocks of M-10s to Robert Vesco, a well-known bankroller of narcotics rings--the Ingram went up for grabs. At the bankruptcy proceedings held in 1978, rights to the drawings, prints, and patents to the gun were purchased by two partners: Wayne Daniel, an acquaintance of WerBell and former gun shop owner popular with the Atlanta police, and John Carpenter, an Atlanta attorney. Together they founded RPB Industries to carry on manufacture of the weapon.

The man who bankrolled Daniel's side of the business was Robert Morgan, who also took charge of RPB's international sales. Morgan of course was indicted last year on smuggling charges. His buddy Jack Leibolt, with whom he flew in Haiti, was secretary-treasurer of RPB. He was indicted with Morgan but fled the country--probably to Haiti. John Carpenter, who sold most of his holdings to Leibolt, was indicted in January 1980 on charges stemming from the nationwide investigation of The Company. He allegedly tried to bribe an assistant district attorney in Clayton County to drop drug charges against Michael Grassi. Grassi, an Ivy Leaguer distinctly out of place in Georgia, was a lieutenant to Richard Thorp, himself indicted in Clayton County. While Thorp was convicted in absentia, Grassi copped a plea.

And so the case continues to unravel. Florida investigators are still piecing together the details of the traffic in the deadly M-10 and its relation to international drug networks. A grand jury in Fresno will soon hand down indictments in the China Lake thefts case, but the whereabouts of many of the stolen weapons, including seven of the 9 night scopes, is still unknown.

What is clear is that The Company is no accident or freak; syndicates of its size have existed before and will surely flourish in the future, regardless of the DEA's investigative prowess. With at least forty million Americans regularly smoking marijuana, even at today inflated prices, there will be no shortage of entrepreneurs seeking their fortune in the drug trade. For every ton of marijuana seized from The Company's warehouses, thousands more are crossing our borders.

What makes this case unusually sinister is not the artful sophistication or sheer size of The Company, but its tie-in on a gross scale with the arms trade. The increasing militarization of drug syndicates recalls the arming of big city mobs during Prohibition. The gang wars of those days are returning to South Florida and Latin America, thanks to the proliferation of M-10s and other assassination devices on the market--serving not the gun collector but the professional gangster. We are also faced once again with nagging questions about official complicity in this violent trade, questions raised most cogently by the curious circumstances surrounding the China Lake thefts and the government's long delay in seeking prosecutions. Wouldn't it be ironic--though at this point hardly surprising--if the government's biggest drug case ended up implicating the government itself?

## PARAPOLITICS/USA

As this issue goes to press on May 30, the P2 scandal in Italy is making headlines even in the United States. A conspiratologist's dream, this scandal involves secret societies, neo-fascist intrigues, financial corruption, organized crime, and perhaps even international intelligence. The next issue will devote substantial space to the unfolding scandal; enclosed in this issue is a brief summary of the background to the affair, and three English language news articles on early developments.

This issue is substantially larger than the last. Besides two original articles and the Sindona/P2 special, news briefs have been expanded 233%, and include original material on Gramco, CIA banking, the Terpil affair, and other issues. I am grateful to all those subscribers who sent clips, tips, and especially the original articles. Let's have more of the same for the next issue.

### News Summaries

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- B. Terrorism and neo-fascism
- C. Latin exile activities
- D. Mercenaries
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**Special memorandum:** "Some Background on Sindona/P2"

**News Clips** on Sindona, terrorism, Sasagawa, Vesco, Hollis affair, Operation Greenback, Escandar

### Guest articles:

- "The Importance of Robert Gayre," by Kevin Coogan
- "On Deane Hinton, Reagan's Nominee for Ambassador to El Salvador," by Jerry Meldon

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## News Briefs

### A. Intelligence Agencies

Chapman Pincher, former defense correspondent for the *Daily Express* of London and well-known mouthpiece for MI-6 and its former boss Sir Maurice Oldfield, makes some explosive charges in his new book *Their Trade is Treachery*. His evidence raises questions of KGB involvement against Sir Roger Hollis, chief of counterespionage (MI-5) from 1956 to 1965. If true, this would be an even more damaging penetration of British intelligence than in the Philby case. Prime Minister Thatcher reviewed the allegations in Parliament and denied them. But many recall how foreign secretary Harold Macmillan similarly cleared Philby in 1955, only to have him flee to Moscow 8 years later. One of the most interesting allegations is that Charles Ellis, second in command of Sir William Stephenson's British Security Coordination during World War II (on which see William Stevenson, *A Man Called Intrepid*), was first a Nazi and then a Soviet spy, and further, that Hollis took charge of the interrogation of Soviet defector Igor Gouzenko, who revealed information on Soviet nuclear spy rings to the Canadian. (*MacLeans*, 4-6-81) Stephenson has denied the charges and there is good reason to doubt Gouzenko's claim. Nonetheless, Canadian PM Pierre Trudeau has confirmed that key documents concerning Soviet espionage in Canada, including the debriefing papers on Gouzenko, are missing from the vaults of the Public Archives. These include a single volume of former Prime Minister Mackenzie King's diaries and Privy Council records relating to Gouzenko's defection in Canada. (*Toronto Globe & Mail*, 4-7-81)

The Hollis affair has become, for the British, a “wilderness of mirrors” comparable to the mole controversies that have wracked the CIA for the past 20 years. The origin of the Hollis revelations go back to leaks by Harold Wilson in March 1976, when he sought to interest the press in investigating the reliability of MI-5, and to leaks by his political secretary Lady Falkender. But Wilson and Lady Falkender were less interested in Soviet moles than in the questionable loyalty of right wingers in the intelligence services who had been spreading rumors of an alleged “Communist cell” at 10 Downing Street during the Wilson administration. Wilson allegedly even went to the CIA to check on the reliability of some of his own officials. The curious and unexplained fact is that Chapman Pincher, the source of the Hollis revelations, was himself the author of an earlier book that aired right wing leaks from the intelligence community against the Labour Party. Nonetheless, Lady Falkender leaked him information on Hollis; James Angleton is said to have been another source. (*Sunday Times* (London), 3-29-81)

Former British PM Harold Wilson says that people “high up in the press” plotted a coup to overthrow his Labour government in the late 1960s. Apparently the plotters approached Lord Mountbatten to discuss the project; some accounts say he sent them packing, others say he was sympathetic. Wilson says the former. The plot was allegedly foiled by MI-5. One of the alleged conspirators was Lord Cecil King, chairman of International Publishing Corp. from 1963 to 1968. (*Sunday Times*, 3-29-81; *San Francisco Chronicle*, 3-30-81)

Phillip Knightly, a British journalist, dined with Sir Maurice Oldfield, until recently head of MI-6. The talk turns from Philby and spy novels to World War II. “Did you know that (Rudolph) Hess had his own intelligence service and that the head of it was in reality a KGB agent,”

asked Oldfield. "Consider this: was this KGB agent behind Hess's flight to Britain? Is this why the Russians are so intent on keeping Hess in jail until he dies? Think about it."

The Treasury Department has issued a report on its Treasury Enforcement Communications System (TECS), which serves Customs, ATF, the US National Central Bureau of Interpol, IRS, DEA, Coast Guard, State, and INS. Its database contains more than one million records, and is fully interfaced with the FBI's National Crime Information Computer (NCIC), which has another 6 million records, and with the National Law Enforcement Telecommunications System (NLETS), which communicates with state and local law enforcement agencies. The system grew out of an attempt by Customs to computerize all of its suspect data in 1969. TECS alone, not including its sister systems, services 2,000 computer terminals around the country. State's Office of Security maintains records on terrorists in TECS. Note that all this data is presumably available to foreign governments through Interpol. 40,000 federal, state, and local law enforcement agencies also have access. Most of the "successes" of this system that are cited in the report are in the drug enforcement area; it would seem, therefore, that the national hysteria over drugs has at last spawned the era of federal and state data centralization. (Treasury Dept., TECS, no date)

Ralph McGehee, a former CIA officer, specialist in the International Communism branch of the operations directorate, charges that the CIA inspired the 1965 overthrow of Indonesian president Sukarno and the subsequent massacre of several hundred thousand suspected members of the communist PKI. The CIA, in reviewing the article, deleted numerous phrases and sentences that might have specified the nature of its role in those events. McGehee is suing the CIA for its deletions, the first such suit to be brought since the Supreme Court upheld the CIA's right of prepublication review. ("The CIA and the White Paper on El Salvador," *Nation*, 4-11-81; WP 3-28-812. The sensitivity of the Indonesian story is reflected in the fact that, under intense pressure from the CIA, the Church committee never released its study of CIA activities in Indonesia.

Carl Duckett, deputy director of the CIA for Science and Technology, from 1967-1976, says there was a "clear consensus" within the CIA that Israel fabricated an atomic bomb, probably with the 200 pounds of uranium allegedly diverted from a nuclear power plant in Pennsylvania. (NYT 5-2-81) This incident provides the basis for David Wise's first novel, *Spectrum*, an intelligence thriller (but a lame one in my opinion).

The Justice Department has told Congress that its preferred wording of a bill outlawing the publication of names of government intelligence agencies would cover cases of "negligence" by journalists. "This interpretation appears to contradict repeated assurances by advocates of the legislation and by the Justice Department that the proposed legislation to protect the identities of undercover agents was aimed only at small radical publications that deliberately published lists of agents' names." Meanwhile, the administration has submitted to some members of Congress a draft of a new executive order governing the intelligence community. Sources say it will permit some covert actions by the CIA within the United States under special circumstances--including the infiltration or disruption of groups consisting mainly of Americans but suspected of being led by a foreign agent, e.g. support groups for the El Salvadorian left (NYT 5-14-81).

Christopher Boyce, the young TRW employee who sold spy satellite secrets to the Soviets and has since fled from prison, apparently sold more secrets to the Soviets to finance his escape. (NYT 5-15-81)

“A Montreal hospital has settled out of court to end a suit begun by the wife of a member of the House of Commons from Winnipeg who alleged that she had been unknowingly subjected to psychiatric experiments sponsored by the United States Central Intelligence Agency. . . . he said that she had been regularly forced to take LSD and a dozen other drugs and that 'sometimes I thought I would die.'” The doctor who directed the experiments received CIA subsidies from 1949-1964 through the Society to Investigate Human Ecology. (NYT 5-16-81)

The CIA no longer believes that the USSR will face oil shortages in the 1980s. This means, contrary to previous estimates, that the Soviets will not be competing for Mideast oil reserves. In the past, Carter and Reagan administration officials cited Soviet oil needs as a rationale for beefing up US forces in the Persian Gulf. (NYT 5-19-81)

William Casey, DCI, has appointed New Hampshire businessman Max Hugel as deputy director of operations, raising a storm of protest from former agents, including George Carver and Cord Meyer. Even former campaign associates shake their heads in disbelief, saying that only Hugel's friendship with Casey (then Reagan's campaign chairman), saved him from being dumped as organizer of ethnic, nationality, and citizens groups in that campaign. (*San Francisco Chronicle*, 5-19-81).

“(F)or nearly 30 years Jeane Kirkpatrick has been an intelligence apparatchik, a handmaiden of the CIA, an officer of CIA front groups, the author of articles and books published by recipients of CIA funds.” So charges Doug Ireland in the *Soho News*, 4-8-81. Ireland notes the intelligence activities of her husband Evron (former State Department intelligence officer and front man for the CIA at Operations and Policy Research), Jeane's consulting work for OPR, her editing of a CIA-connected book *The Strategy of Deception*, and her professional association with such CIA types as Charles Lichenstein (former CIA officer and Nixon ghost writer).

The Committee for the Free World (see PPUSA/1), took out a full page ad in the *New York Times* to back Reagan's policy on El Salvador (4-6-81). Much of the seed money for this committee came from two foundations with close CIA ties: the Smith Richardson Foundation of North Carolina and the Scaife Family Charitable Trusts, one of whose trustees, Richard Mellon Scaife, was owner of the CIA front Forum World Features. Both foundations were active in funding an abortive pro-CIA show for PBS. (*Nation*, 4-18-81; 7-19-80).

Asian financier Amos Dawe has been extradited from the US to stand trial in Hong Kong on charges of having defrauded the Moscow Narodny Bank. Charges in the US were dropped, leading to rumors that Dawe had ties to the CIA. (WSJ 5-11-81)

The Senate Select Committee on Intelligence has prepared a report criticizing CIA coverage of many areas of the Third World and recommending that the DIA be beefed up to provide competing analyses. (NYT 5-8-81)

Jack Anderson reports (without detail) on Reagan administration plans to beef up counterintelligence functions within the CIA and FBI. (WP 4-23-81)

Stanley Sporkin, head of enforcement at the SEC, has been appointed chief counsel at the CIA. (NYT 4-21-81)

The FBI, CIA, and army intelligence, among other agencies, set out during the 1960s to spy upon, infiltrate, and destroy the “alternative” press using the classic techniques of COINTELPRO. With documents released (most grudgingly) under the FOIA, Angus McKenzie tells “the untold story of the secret offensive waged by the US government against antiwar publications.” (*Columbia Journalism Review*, April 1981)

FBI chief William Webster, reacting to calls for tougher FBI surveillance in the wake of the Hinckley assassination attempt, said that he opposes any return to general surveillance of radical groups. Although he would not hesitate to investigate groups that advocate and appear ready to carry out violence, he warned against using the FBI to invade the civil rights of those who merely “speak out against the administration or the programs of the administration.” (MH 4-11-81)

Secret Service director H. Stuart Knight told the House Appropriations Committee that the SS needs more information about people who pose a potential threat to the president (*San Francisco Chronicle*, 4-9-81). The SS expanded enormously following the JFK assassination, and the findings of the Warren Commission were used as an excuse by army intelligence to drastically expand its own domestic operations. (Peter Dale Scott in *The Assassinations*, p. 445)

Marcel Le Roy (Finville), a former SDECE agent, reveals in his new autobiography that former French prime minister George Pompidou ordered SDECE to engage in domestic espionage, a function reserved to the DST. These missions included the burglary of union and newspaper offices and assassinations against members of the French OAS. Le Roy, now a real estate developer on the Cote d'Azur, was a burglary specialist as far back as World War II. He opened diplomatic pouches to intercept secret communications. He was dropped from SDECE in 1966 following his participation in the Ben Barka affair (but acquitted in 1967). Le Roy says that Giscard d'Estaing, as finance minister, used SDECE to steal documents of the US trade mission during the Kennedy Round negotiations on US-Common Market trade in 1964. He claims that de Gaulle gave nuclear secrets to the Chinese to spite the US. Finally, he says that de Gaulle destroyed SDECE by corrupting its ends, making it anti-American, and infiltrating SAC goons into its ranks. (*Le Monde*, 11-25-80)

In most French embassies around the world, the deputy military attaché is an SDECE agent. (*Liberation*, 11-28-80)

## **B. Terrorism and Neofascism**

The Reagan administration is redefining its statistics on international terrorism to include “threats” as well as actual incidents. This will double the number of terrorist acts reported, although it should have no impact on the number of people reported killed or wounded by terrorism. (NYT 4-24-81)

“A draft report produced by the Central Intelligence Agency has concluded that there is insufficient evidence to substantiate Administration charges that the Soviet Union is directly helping to foment international terrorism . . . William J. Casey, Director of Central Intelligence, has asked his analysts, the sources said, to review their conclusions, given the substantial opposition to the report from other agencies.” Some CIA officials are reportedly concerned at the political pressure to tailor their intelligence findings to meet administration needs. But DIA officials find the document “weasel-worded” (NYT 3-29-81).

The *Wall Street Journal* criticizes the CIA for failing to provide evidence to support Al Haig's charges of Soviet sponsorship for terrorism. The WSJ proposes “a few rules for the game.” First, no one should reject the Haig theory merely for lack of evidence, since “We haven't been too diligent in recent years in gathering the best data on the subject . . .” “Second, no one should be allowed to say without challenge that Soviet support for national liberation movements is by definition different from Soviet support for terrorism. Third, the CIA should not be allowed to shut off the criticism (of its report on terrorism) with the cry that it is political” (WSJ 4-9-8). With rules like that, who needs facts?

Meanwhile, Moscow is taking the charges seriously enough to spend a lot of time making denials. Now officials at Lumumba University, an institute for students from the developing countries, deny that they train terrorists. They point out that their most notorious matriculant, Carlos, was a drop out. (LAT 3-27-81)

William Webster, FBI director, told Meet the Press, “I cannot speak about activities abroad. But I can say that there is no real evidence of Soviet sponsored terrorism within the United States. . . . we seem at this point to be free of direct, deliberate Soviet domination or control or instigation of terrorist activity.” (NYT 4-27-81)

The Senate subcommittee on security and terrorism has held hearings to air the charges of such leading spokesmen of Soviet culpability as Claire Sterling, Arnaud de Borchgrave, and Michael Ledeen. According to one subcommittee staffer, the hearings are meant “to publicize theories that the Soviet Union supports and directs an integrated network of terrorist organizations and has shaped Western public opinion to its advantage through a large-scale 'disinformation' campaign. . . . Joel S. Lisker, the chief counsel of the new subcommittee, said in a recent interview that 'we will do everything we can to modify and eliminate' the guidelines imposed in 1975 to restrict infiltration and surveillance of domestic groups of political dissidents.” The article quotes from a Heritage Foundation report which recommends that the President supply “Presidential emphasis on the nature of the threat, repeated speeches on the escalation of Soviet bloc intelligence activities, the nature of the terrorist threat and its international dimensions and the reality of subversion.” The author of this report, Samuel T. Francis, is now on the staff of Senator John P. East (R-SC), a member of the subcommittee. (NYT 4-21-81)

For excellent coverage of the Denton subcommittee on security and terrorism, and its hearings, see the series by George Lardner in WP 4-20, 4-21, 4-25-81.

In April, Basque ETA terrorists killed two retired army officers and a businessman in Spain. The Spanish government meanwhile is trying to convince the French to extradite alleged

Basque terrorists living in southern France (NYT 4-15-81). In May, GRAPO, Spain's most feared leftwing terrorist band, killed a general and two civil guardsmen in Barcelona, keeping up the pressure in the wake of the unsuccessful military coup attempt, which was triggered by the government's inability to cope with terrorism. "Since the allegedly far-left organization came to public attention at the time of Francisco Franco's death in 1975, there have been persistent reports that it has been infiltrated by extreme rightists in the police, who have been portrayed as manipulating it at crucial moments to disrupt Spain's transition to democracy" (NYT 5-5-81). Actually, this is a view mostly propagated by the notoriously unreliable Luis Gonzales-Mata, a retired Spanish intelligence officer given to flights of fancy. However, such suspicions are not completely unfounded, since GRAPO appears to be far better organized and funded than any other Spanish left-wing terrorist organization.

Spanish authorities have been carrying on their own "dirty war" against the Basques since 1974; information has come to light with the arrest in France of several anti-ETA terrorists who implicated the Spanish security services. This counter-terror network was established by Andres Gomez Margarida, head of the department of investigation of terrorism. His operatives include OAS veterans like Francois Chabessier (also a drug trafficker and leading member of USDIFRA, a French neo-Nazi organization), criminals like Joseph Zurita, and at least one French agent of Israeli intelligence, Maxime Szonek. (*Mundo Obrero*, 1-9-81)

Members of the German neo-Nazi Hoffmann group have taken guerrilla training in the Spanish Pyrenees. Former SS commandant Walther has been instructing members of the Fuerza Joven, the youth organization of the Spanish fascist Fuerza Nueva (*El Pais* (Madrid), 4-1-81)

Senior West German security officials charge that the PLO has given haven to German terrorist fugitives and suspect that the PLO has trained right wing German extremists. One the other hand, one of the officials said, "From our point of view, there are no facts in hand that would allow us to say that the Soviet Union is behind West German terrorists in any direct sense. This goes for the entire Eastern European bloc." Officials describe the terrorist movement in Germany as being in "very poor shape" (NYT 5-27-81).

German police seized a diary from a leading West German neo-Nazi, Manfred Roeder, which reveals a web of international right-wing contacts. *Der Spiegel* published excerpts following a police raid on 450 homes in a crackdown on neo-Nazis, which netted explosives, grenades, guns, and ammunition. One arms cache belonged to a rightist who tried to go to Lebanon for military training; both Roeder and Karl Heinz Hoffmann, leader of a group banned last year (and linked to the Munich Oktoberfest massacre - ed.) have contacts in Lebanon; Hoffmann has for several years sold second hand military equipment, including army vehicles, to the Phalange. Roeder has had great success raising funds in the United States. (*San Francisco Chronicle* 3-30-81; cf. *People's World* 5-2-81)

Spain's leading news magazine, *Cambio 16* (slightly left of center) charges that Washington's long delay in condemning the military coup plotters is evidence of America's ambivalent attitude toward democracy in Spain. The US embassy flatly denies widespread rumors that it had advance knowledge of the plot. Nonetheless, Haig's statement about the coup, "It is an internal matter" (Feb. 23), continues to draw fire (WP 3-15-81).

A Belgian magistrate has outlawed the neo-Nazi Flemish political organization, Vlaamse Militanten Orde, and sentenced its leader to a year in jail. The VMO has little popular support and no parliamentary representation (*Toronto Globe & Mail*, 5-6-81).

The rue Copernic synagogue bombing in Paris, still unsolved, may soon see some breakthroughs. Spanish police now suspect one Ernesto Mila Rodriguez of Barcelona, linked to the Spanish national socialist party, of being implicated in the bombing. According to some sources, he was stopped at the border of Spain and France in early summer 1980 in possession of an Ingram submachine gun, but was eventually released from custody. There are also indications that French police are looking for a right-wing Lebanese based in Spain. (*L'Humanite* (Communist), November 13, 1980)

The man arrested for shooting the Pope, Mehmet Ali Agca, has strong links to the fascist National Action Party in Turkey. He was arrested for the murder of an Istanbul editor (the gun being supplied by NAP members), then escaped from prison in 1979 with the help of NAP sympathizers and delivered his gun back to NAP headquarters in Istanbul. The indictment against Agca in that case said his motive was "to create circumstances that would induce the masses to accept a regime that was based on force and destroys all freedom through intimidation by terror." Although Agca claimed in his first interrogation after that murder that he was neither rightist nor leftist, he later admitted to the prosecution that the murder was politically motivated and that he was a rightist extremist. All this is reported by Marvine Howe in the NYT 5-20-81 (and in part in a longer reconstruction of Agca's career and movements in NYT 5-25-81). In the same paper, however, R. W. Apple Jr., who discounts all conspiracy theories whether at home or abroad as a matter of political conviction, explains away all the evidence and maintains that Agca was a lone nut. Apple notes Agca's claim (now thought to be a lie) that he previously targeted the British monarch, Kurt Waldheim, and Simone Weil. "The account lent credence to the thesis that Mr. Agca's views are essentially anarchistic, growing out of a hatred of authority, rather than conventionally left-wing or right-wing." One thing the NAP cannot be accused of is being anti-authoritarian. Apple obviously is blissfully unaware of the strategy of right-wing terror, which is to undertake spectacular acts (e.g. the bombing of a public place, or assassination of a major leader, regardless of politics) in order to undermine faith in public order and lead to an authoritarian coup. Apple is not alone in giving the affair inane coverage. *Newsweek* writes of Agca, "His ideological underpinnings were loose; his slogans made him out to be anti-everything. He had sprouted from the far fringes of the Turkish right, but his two-year crusade against the Pope could just as easily have served the purposes of the anarchic left." Or: "In the final analysis, it may not even matter what obscure cause enlisted Agca's murderous sympathies; he shot the Pope because he was a terrorist." (*Newsweek*, 5-25-81). This complete suspension of critical faculties is what leads to cartoon showing Brezhnev shooting the Pope from behind a mask (McNelly) or to syndicated columns insinuating that Agca worked for the Soviets (Patrick Buchanan). *Time* was closer to the mark when it reported: "Turkish authorities were at least confident about one point: despite Agca's initial claims that he was associated with the Marxist Popular Front for the Liberation of Palestine, he was really a right-wing fanatic." (*Time* 6-1-81)

For background on the National Action Party and its militant arm, the Gray Wolves, see Newsfront International, November 1980 (includes information on their involvement in drug smuggling); "The Wolf at Turkey's Door," PNS Newsreport (People's News Service, London),

11-1-80; and "The 'Fascist' Role in Turkish Violence," *San Francisco Chronicle*, 9-13-80. On ties between the Gray Wolves and the German neo-Nazi underground, see this latter article and "Would-be papal assassin may have neo-Nazi ties," *New Orleans Times-Picayune* (NOTP), 5-16-81.

### **C. Latin Exile Activities**

Right-wing Nicaraguan exiles in Honduras are reported to be confident of support from the Honduran army and are hoping for a "green light" from Washington to overthrow the Sandinista regime. "Some State Department officials are also known to favor a policy of first 'strangling' the Sandinista Government economically and then, in the words of one American diplomat, 'financing dissent groups.'" Some of these exile groups are outright supporters of the Somoza family; others, like the one led by Jose Francisco Cardenal, oppose both Sandinistas and Somocistas (NYT 4-2-81).

Members of Freedom Fighters' Expeditionary Task Force No. 1 say they are not out to break US laws but to "break Communist heads." They will "honor any call for help that may come from other freedom fighters or governments that seek to replace Soviet imperialism with advocates of self-determination." Their attorney, Ellis Rubin, says "They will respond to the call, if it comes, by going to a third country for the final phase of their training and for the leadership and materials necessary." Leaders include Jorge Gonzalez and Luis Crespo, a convicted bomb maker who blew off his right hand in 1974. (MH 3-28-8)

Philip Geyelin, WP columnist (and one time CIA employee) points to the double standard of the administration's criticism of the Soviets for permitting terrorist training camps on the soil of their client states while we do nothing to impede Cuban and Nicaraguan exiles training for guerrilla warfare in Florida. The Nicaraguan ambassador has filed formal protests but received no official reply. (WP 4-7-81)

Jose Manuel Casanova, reported in PPUSA/1 to be in line for IRS commissioner, has been turned down. The Reagan administration thinks that a Hispanic should not get the job because then the political pressures from the Hispanic community would become too intense. Instead, Casanova is expected to get another high-profile position in the administration in order to bring more Hispanics into the GOP. (MH 3-28-81)

Elena Prío Duran, daughter of Carlos Prío Socarrás and wife of Miami attorney and bank director Alfredo Duran (former Florida Democratic Party chairman) is running for mayor of Miami (MH 5-5-81).

The assassination of Miami mayoral candidate Alberto Sarmiento is still unsolved, although police are seeking one Eduardo Garcia Hernandez for questioning. The gunmen, who wore military clothing, fired with a MAC-10 submachine gun, without silencer. The motive also remains unclear, since Sarmiento was a bondsman as well as a politician. (MH 4-29-81)

The statute of limitations has run out in the bombing of Miami radio newsman Emilio Milian, who lost both his legs. Apparently Miami police and the FBI know the identity of the would-be killer, but doubt they have the evidence to convict. (MH 4-30-81) Louis Salome, a Miami columnist, charges that the FBI did not investigate the Milian bombing properly. He claims that the attack was part of a wave of bombings that included the Letelier and Cubana Airliner bombings, and that the FBI is unwilling to expose its own and the CIA's informants within the Cuban community in the course of a prosecution. (*Miami News*, 4-14-81)

Gustavo Castillo, a Cuban exile, will be extradited to Mexico to stand trial for the murder of a Cuban diplomat there. Legal wrangling delayed the extradition for three years. Castillo's spokesman is none other than Frank Sturgis, the convicted Watergate burglar. (? , 4-22-81)

Orlando Bosch, long time Cuban exile terrorist leader, is circulating an open letter calling on terrorist organizations like Omega 7 to suspend their violence in order to give Reagan "a chance to act against Communism." (*Latin America Weekly Report*, 4-17-81)

Manolo Rebozo, who was Miami's first Cuban-born city commissioner, has filed to run for mayor of the city against incumbent Maurice Ferre. Rebozo, a former Bay of Pigs intelligence officer, whose father was Batista's military attaché in Washington, is the local representative of the Somoza family. Campaign contributions to his 1977 city commission race were linked to WFC Corp. and to its head, Guillermo Hernandez-Cartaya, now under indictment on tax charges and suspected of involvement in a gigantic drug smuggling and money laundering operation. Rebozo himself had interests in a WFC subsidiary, Valley Trading Corp. (MH 4-4-81 and 1-10-79; *Miami News* 3-26-81 and 4-17-79).

Guillermo Novo and Alvin Ross, alleged accomplices of Michael Townley in the assassination of Orlando Letelier and Ronni Moffit in Washington, have just been acquitted on murder charges; Novo, however, was convicted of perjuring himself before the grand jury. Previously the two men were released on \$400,000 bail raised by a group of Union City, NJ businessmen, led by Arnaldo Monzon, owner of a chain of women's boutiques. (MH 4-4-81)

As mentioned in PPUSA/1, the drug angle in the Letelier case was studiously ignored by the media and actively suppressed by the FBI. Dan Benitez of the Florida Department of Law Enforcement, who arrested Novo and Ross, tells an interesting story. Benitez and his fellows on the anti-terror squad of the Dade police force sighted Novo and Ross, who the FBI assumed were still in New Jersey. The two men were frequenting a nightclub known as a hangout of Jose Alvero-Cruz, a top cocaine trafficker (see PPUSA/1). Novo and Ross were seen taking packages to their car in Coral Gables, outside the jurisdiction of the Dade force. But the next day Benitez et. al. got a warrant and arrested them. Inside the trunk of Ross's Lincoln Continental they found a plastic bag with a white powder wrapped up in tin foil. At least two independent checks determined that the powder was cocaine. Ross and Novo spread the story through Little Havana that the powder was only dried milk, and the FBI said the same publicly, probably in order to confine the case to the subject of terrorism.

A key figure in the case, who got no publicity, was Manuel Menendez. According to a police source, he let Novo and Ross stay at his apartment in Miami. He let them use his rented car (as an addition to Ross's own). Menendez was a huge trafficker in Mexican heroin, which he obtained from another Cuban, Antonio Vasquez, who had married a Mexican. Menendez

moved the heroin as far north as New York City and was wanted in Union City. He was dating a girl, Diana Gonzales, who worked for the Alvero-Cruz organization, and who had been the wife of an Alvero-Cruz lieutenant who was shot in an unsolved murder.

A New Jersey police source notes that wiretaps on the Vasquez/Menendez group picked up repeated references to the Novo brothers and others in Omega 7. It is common knowledge in the Cuban community that members of Omega 7 are dealing in drugs. The Vasquez/Menendez man in New York had an Omega 7 card in his possession. Vasquez's son-in-law, named "Petoto," was sought by the FBI for bombings. All of this merely confirms the thesis of my article on The Company in PPUSA/1, that the worlds of drugs, gun-running, and terrorism have merged in this country, and all three are being protected by intelligence connections.

#### **D. Mercenaries**

The infamous British mercenary John Banks has been sentenced to two years in prison for extorting money from the old Somoza government, offering to reveal an alleged CIA plot to assassinate the former Nicaraguan dictator. Banks claims that he was hired by a Col. Frank Sturgess (sic!) of the CIA to pull off the plot. (*New African*, January 1981)

British mercenaries are said to be in Pakistan, ready to enter Afghanistan and "kill a few Russians." So far only 3 have been uncovered--and one of them is American, a Vietnam veteran. The other two claim to be veterans of Zaire (Kolwezi, 1978) and Rhodesia. (*Sunday Times* 3-22-81)

Two free-lance commando instructors, Joseph Franklin Camper and Robert Lisenby, were arrested for possession of a deadly bomb (made of plastique) and an Ingram M-10 machine gun. (MH 4-15-81) Previously Camper had been arrested in Florida for trespassing; he said he had been training a group of men near a Florida Power facility "for foreign combat." He also claimed to have been a veteran of "deep penetration" missions in the Vietnam war, and to have held the rank of corporal. Camper claims to be offering professional training in mountain, jungle, and desert warfare. His colleague Robert Lee Lisenby of Troy, NC, co-leader of Camper's mercenary group, is identified by the ADL as one of the instructors at the Christian Patriots Defense League, "one of a number of groups spreading a message of impending doom for the United States and urging people to take up arms to prepare . . ." Camper dismisses such survivalist groups as "boy scouts." (*Christian Science Monitor*, n.d.) Camper claims to know nothing of Lisenby's intentions with the bomb. It appears that he intended to bomb a barber shop owned by Miguelito LaMadrid, who professes bafflement as to the possible motive. However, both his brothers have interesting backgrounds. Orlando was arrested in Miami in 1972 for possessing 12 pounds of cocaine. Otto was arrested in Tampa in 1979 for offering to sell 51 unmarked, silencer-equipped submachine guns (Ingrams, undoubtedly) to undercover agents for \$110,000. The charges were later dropped. (MH 5/3/81)

The "Bayou of Pigs" affair continues to draw much attention from widely scattered news sources. In late April, 10 men, including the leader of the Knights of the Ku Klux Klan (Stephen Don Black of Birmingham, Ala.) were arrested for conspiring to overthrow the government of Dominica, a tiny Caribbean island. Their plot constituted a violation of the Neutrality Acts. (LAT 4-29-81) The ringleader of the mercenaries was Michael Perdue of Houston, who

undertook the plot as part of a \$150,000 contract signed by the former PM of Dominica, Patrick John, who would have been reinstated. According to the *Toronto Globe & Mail*, the plot was financed with a \$10,000 contribution from a Toronto mobster called "The Jew," who expected to turn the island into a base for organized crime, casinos, shady banking deals, and the like. He also planned to issue diplomatic passports to mob associates. (TGM 5-15-81; cf. NYT news service 5-17-81) But one US marshal says the financing came from sources in the southeast of the United States, not Canada. However, at least two Canadians were indisputably involved: Wolfgang Walter Droege of Toronto, a Klan organizer and former member of the Western Guard, a Canadian anti-Semitic and white power group; and Larry Lloyd Jacklin, another Klan organizer. (*Houston Chronicle* 5-3-81)

The present government of Dominica alleges that an American company, Caribbean Southern Corp, was linked to the plot. (NOTP 5-17-81) Grey Pierson, president of that now defunct company, denies the charge, but confirms that it once held a contract with Patrick John to create a "free trading zone"--in effect, an extraterritorial enclave--on 120 out of the island's 750 square kms. That agreement was signed in February 1979, a few months after the island gained its independence. It was cancelled in November 1979 after it caused a public uproar. John's government fell because of outrage over the scheme, and because of reports that South Africans were involved. (*Vancouver Sun* 5-1-81)

Police in Dominica recently shot and killed three members of a marijuana-growing cult called the Dreads, who had set up roadblocks to harass and shoot at passengers on the island's main road. The government has linked this group to the KKK-Patrick John coup attempt. (MH 5-16-81)

### **E. Right Wing, USLP, and Liberty Lobby**

A key figure behind the U.S. anti-terrorism crusade is L. Francis Bouchey, executive director of the Committee to Restore Internal Security. Bouchey was named in a Justice Department suit as having been part of a secret effort by General Pinochet to promote Chilean propaganda through an unregistered front group (American-Chilean Council - ed.). (Jeff Stein in *Progressive*, April 1981). Bouchey's Council on Inter-American Security publishes the newsletter *West Watch*, full of vituperation about moles, IPS, and Soviet terrorism--The Spike taken literally. Bouchey is also behind the new "Alternative to the New York Times" Committee, sponsored by the Center for the Survival of Western Democracies (my how these committees proliferate!). Members of the advisory board of the Center include Richard Allen, and his Soviet-affairs specialist on the NSC Richard Pipes, who recently warned that war with the USSR was inevitable if they didn't change their social system. This "Alternative to the New York Times" committee finds its alternative in the Unification Church sponsored *News World*, whose Spike-ish anti-NYT diatribes are reproduced in a press release mailed out to major media.

The American Security Council, "made up of former senior US military, diplomatic, and intelligence officials, such as former CIA chief of counterintelligence James Angleton, is also said to be financing Miami-originated radio propaganda against Cuba and a new machine gun factory in Guatemala. Retired General John Singlaub, who resigned from his command in protest over Carter administration policies, is said to be the key ASC operative for Central

America.” (*Progressive*, May 1981) Singlaub, of course, is a close confidant of Mitch WerBell III, whose own ties to Guatemala go back to D 54.

“Carlucci's Record Exposes Him as Real Far Leftist.” *Conservative Digest* (February 1981) takes on the new deputy secretary of defense and former deputy director at CIA for being a crypto-socialist. The article consists largely of quotes from John Birch society leader Larry McDonald (D-Ga.) This article is symptomatic of an extraordinary effort by members of the far right in the Senate (Jesse Helms, Orrin Hatch, Steve Symms) to block nominations in the defense and foreign policy field. Helms, for example, held up several nominations at State for months (with secret backing from Richard Allen), in order to force the administration to take on his friends, such as the hard-line nuclear war hawk William Van Cleave (a member, with Jesse Helms and Richard Allen, of the advisory board of the Center for the Survival of Western Democracies). Much of this bureaucratic and ideological war has been waged through press leaks (particularly via Evans and Novak). On this war see esp. WP 12-9-80; *Far Eastern Economic Review*, 1-16-81; and my own column in the *Oakland Tribune*, 1-27-81. The *Washington Star* has had particularly good coverage of the battle in the months since then.

The US Labor Party has been systematically infiltrating the Establishment through such fronts as its anti-drug campaign (and its associated magazine, *War on Drugs*) and its fusion energy project. Now one of its members has been given a platform at a symposium on terrorism sponsored by the Washington chapter of the American Legion, at which the head of the State Department's Office for Combatting Terrorism also spoke. Wrote *Defense & Foreign Affairs Daily* (4-8-81): “Another address delivered at the symposium by Jerry Greenberg, with *Investigative Leads*, stressed the point that the Socialist International, the Soviet KGB intelligence agency and the Jesuit Order were all institutions to be investigated for their alleged support of various terrorist networks.” No mention here that *Investigative Leads* is an offshoot of *Executive Intelligence Review*, the USLP weekly sold to corporate subscribers (and corrupt Teamster locals) for \$400 a year.

*Spotlight* (Liberty Lobby, loosely allied with USLP) reports that when Larry MacDonald's collaborator John Rees heard of the American Legion's terrorism conference, he “apparently became alarmed that the Mossad would be fingered as the coordinator of terrorism in the U. S.” This is a veiled reference to the presence of a spokesman for the arguably anti-Semitic USLP on the panel, and a reflection of *Spotlight's* ongoing feud with Larry MacDonald over the question of Israel (*Spotlight* is hardline anti-Israel and at times overtly racist). “So he and his pal,” *Spotlight* continues, “former communist (and present Anti-Defamation League agent) Herb Romerstein, called up all D. C. newspapers and had them boycott the symposium.” *Spotlight* laments that after all this fuss no one on the panel had the guts to name the chief terrorist organization, the JDL (3-30-81).

Since then, *Spotlight* has identified as a Mossad “asset” the “ubiquitous John Rees, a former British intelligence informer, (who) popped up in various American cities--in the guise of a Maoist or Stalinist, or again as an unaligned left radical 'movement' terrorist. Identified by former associates who he had reportedly defrauded as an alleged thief, swindler, embezzler and confidence man, Rees nevertheless plowed on to become the publisher of a leaflet known as 'Intelligence Digest.' Under the late Governor Nelson Rockefeller, 'Information Digest' found its way into the confidential files of the New York State Police, where it was apparently regarded as a reliable source, astonishingly enough. Now principally known as a

close associate of Rep. Larry McDonald (D-Ga.), Rees, still reported to be an active Mossad collaborator, has even won acceptance in 'conservative' circles for his muscular wife Louise, who was known in some of her previous incarnations as a gun-toting, fist-swinging 'political' activist." (4-13-81)

The USLP doesn't like John Rees either. It denounces him, along with the right-wing Heritage Foundation, as being part of a network of KGB moles! (*Congressional Record* 1-29-81) Other conservatives are unhappy about this kind of mud-slinging, preferring to concentrate on targets like IPS rather than on their own ranks. In "Who and What is Lyndon LaRouche," the rightwing weekly *Human Events* exposes the USLP as being consistently pro-Soviet, belying Lyndon LaRouche's claim that the party is no longer sympathetic to Marxism. *Human Events* takes Spotlight to task for swallowing the USLP line, and defends Larry MacDonald against Liberty Lobby and USLP attacks. (2-7-81)

Liberty Lobby suffered a setback when its former chief counsel, Warren Richardson, had to withdraw from Reagan's appointment of him to be assistant secretary of legislation in the Department of Health and Human Resources. As Liberty Lobby's representative, Richardson used to meet every Friday with some 40 conservative spokesmen, known as the Kingston Group, that met in the office of Paul Weyrich, founder of the Heritage Foundation and head of the Committee for the Survival of a Free Congress. (WP 4-19-81) Various Jewish groups became up in arms because of Liberty Lobby's anti-Semitic tendencies; Liberty Lobby was upset not only at this fuss, but also at Richardson's lame insistence that he never shared their philosophy.

USLP continues to be the subject of exposes. A good survey of its activities appears in an article by Chip Berlet in *High Times*, May 1981. A five-part series in the Minneapolis Star makes an astonishingly diligent effort to make LaRouche's "philosophy" sound coherent. I'm not convinced. The best part of the series is the quotes: "Not only are (my) would-be assassins the most powerful financial interests in the world," LaRouche writes, "but they control the international illegal drug traffic, control international terrorism, control the environmentalist forces internationally, and have been to date the main force of evil for at least approximately 3,000 years." (Series starts 2-2-81)

Finally, among the people who seem to buy the USLP line are the folks at Organized Crime Review (available at \$75 or so a year). It takes a line from Drug, Inc. and assails the Hong Kong and Shanghai Bank as "notorious for its role in laundering drug money." (January 1981) That recalls a USLP demonstration outside the offices of the HongShang bank in San Francisco a couple of years ago, which got straight-faced coverage from some very establishment media.

## **F. CIA/Banking Update**

PPUSA/1 discussed some of the CIA associations (particularly through Paul Helliwell and associates) of the Mercantile Bank in the Bahamas. Now it appears that its NY attorney and key American associate was Joel Mallin, disbarred now for his 1973 conviction for federal banking violations stemming from a 1968 sale of stolen securities. Mallin was a personal and business associate of Sylvain Ferdmann, an executive of the International Credit Bank of Geneva (a bank used by Mossad for European operations) and IOS operative during the

1960s. Ferdmann was a bag man for Meyer Lansky associates, *Life* magazine charged in 1967. Mallin was also the representative for Samuel Clapp, Fred Alger, Seymour Lazar, and William Mellon Hitchcock in mid-1967 placements of Mary Carter Paint Company stock (later Resorts Int'l) that ran afoul of the SEC. Clapp was an IOS tax consultant who introduced Fred Alger, an IOS fund manager, to Resorts. Hitchcock, heir to the Gulf Oil fortune and a promoter of LSD and Timothy Leary, was himself convicted in 1973 of banking violations. Hitchcock and Lazar both kept accounts at the CIA-linked Castle Bank (as did Joel Mallin himself), and both were investors in the CIA-supervised newspaper *El Tiempo*.

Addendum to my discussion in PPUSA/1 of the Mercantile Bank/Disneyworld land purchases: the MH obituary for Paul Helliwell, 12-27-76, notes: "It was through (William) Donovan (founder of OSS and later active in CIA fronts) that Helliwell was entrusted 10 years ago with acquiring much of the real estate southwest of Orlando, where Walt Disney wanted to build an amusement park. The firm could not make the purchases openly, fearing that disclosure of the Disney World project would inflate property prices. Donovan was a New York lawyer representing Disney. Earlier this year, federal authorities said they also were looking into the role of offshore banks in Central Florida land purchases, including those for Disney."

### **G. Arlen Realty/Gramco**

A stockholder in Arlen Realty, Bodkin Satloff & Co., a NY limited partnership specializing in takeover stock speculations, wants Arlen to hire an outside consultant to determine whether the company should be liquidated; evidence suggests that its liabilities may exceed its assets. (WSJ 4-16-81)

The financially troubled Arlen is successor to the scandal-plagued US Investment Fund, managed by Gramco Management. Gramco was an IOS competitor that made its first big sales push in Latin America and then shifted its emphasis to Germany, where it incurred the wrath of the German government. It was pushed by Pierre Salinger, who became deputy chairman of a British subsidiary of Gramco. Like IOS, Gramco specialized in tapping "hot" money overseas. Its chairman was Rafael Garcia Navarro, co-founder of Gramco with Keith Barish of Miami. Navarro was Cuban, a supporter of Batista and former UN diplomat, who purchased Panamanian citizenship after Castro came to power. He married the daughter of a minister under Batista. The head of Gramco International SA was Ricardo Nunez, a veteran of the CIA's Operation 40, whose father also represented Batista in the UN. Vice president of Gramco sales was Cesar Machado, grandson of the early 1930s dictator (who ended up becoming involved in greyhound racing in New Jersey!). Gramco's subsidiaries were littered with Kennedy men to give it prestige. Its primary sources of capital, however, were the Batista and Bacardi (rum) fortunes. Gramco charged fees for managing the property empire assembled under USIF; these excessive fees ran USIF into a cash flow crisis in October 1970 from which it didn't recover. Instead, Arlen Realty (headed by the wheeler-dealer Arthur G. Cohen) took over the management for several million dollars, and Gramco was liquidated amidst a host of suits.

Gramco was rumored to have various intelligence and mob connections, although these were never proved. It was embroiled in scandal when it employed private detectives to bug a

Gramco salesman in Geneva who was thought to be a mole of the IOS forces (there was talk at one time of a Gramco-IOS merger).

One of the main IOS-Gramco links was Rafael Diaz-Balart (a Cuban) who managed the Batista fortune in Spain while doubling as Vesco's chief agent there. Diaz-Balart and Vesco were behind a plot to transfer control of IOS to a Spanish front group, headed by Prince Gonzalo de Bourbon y Dampierre, whose brother had married Franco's granddaughter. Diaz-Balart ran the Ultramar Banking Agency in Madrid which provided investment advice for Latin Americans and, presumably, a haven for Batista money. His executive president was Alberto Alvarea Alvares, a director of Costa Rica's national airlines.

Now ca. 1970 Navarro purchased the newsweekly of Latin American affairs *Vision* (formerly in the hands, it has always been rumored, of the CIA) and moved it to London, where he brought Robert Moss on as editor. After Navarro died under mysterious circumstances in July 1976, control passed to Ultramar, a shipping business owned by Somoza, run by Rodriguez Felice, an anti-Castro Cuban. Ultramar had large holdings in Costa Rica, and appears to be linked to the Ultramar agency of Diaz-Balart. (Somoza was said to have joint ventures with Vesco in Costa Rica). The *Vision* sale was allegedly arranged by then US ambassador to Nicaragua James Theberge.

An interesting tid bit: In 1973 Bahamian prime minister Lyndon Pindling purchased Navarro's old mansion in the Bahamas for \$475,000. Reportedly the money came from Vesco and the Castle Bank (on someone's behalf).

## **H. Organized Crime**

Two Warner Communications executives, Jay Emmett and Leonard Horwitz, who pled guilty to criminal charges in February stemming from the Westchester Premier Theater case, have gone back before a grand jury investigating new aspects of the case, perhaps having to do with Frank Sinatra's alleged role in the skim conspiracy. The article notes a claim by prosecutors that another Warner exec, Soloman Weiss (its assistant treasurer) helped misappropriate Warner funds, although he hasn't been charged. (WSJ 4-7-81)

Frank Ragano, a former lawyer for Tampa crime boss Santo Trafficante and Jimmy Hoffa, disbarred in 1974 for conviction on federal tax fraud charges, is seeking reinstatement to the Florida bar. His defenders include circuit judge David Patterson and 54 others, including doctors, lawyers, judges, bankers, and law enforcement officials from the Tampa area. Ragano first met Trafficante in 1954 when he represented a group of defendants charged with operating an illegal bolita racket. (*St. Petersburg Times*, 12-29-80)

Senator Paul Laxalt (R-Nev.) complains that Las Vegas is "infested" with IRS and FBI agents who are unfairly harassing casino officials and employees. "Bureau people in Las Vegas have taken it upon themselves to totally distrust the Nevada gaming people," he said. But Laxalt notes hopefully that Attorney General William French Smith "indicated that he's going to be very cooperative with us in attempting to work together." (MH 3-26-81) According to a previous MH profile of Laxalt, he dines with Allen Dorfman, the convicted mob connection to the Teamster Central States Pension Fund; is good friends with Moe Dalitz (former Cleveland bootlegger), and once employed Ruby Kolod, convicted of an extortion-murder plot, to raise

funds in his 1966 campaign. He has also taken favors from Delbert Coleman, sued by the SEC for his manipulation of Parvin-Dohrmann and head of the scandal-plagued Stardust casino. Among other things, Coleman introduced Laxalt to Robert Heymann, vice president of Chicago's First National Bank (and the key man in the Hardwicke Co. nexus, on which see PPUSA/1), when Laxalt needed a large unsecured loan for a casino project. (MH 1-25-81)

Jeff Gerth and Lowell Bergman, co-authors of a *Penthouse* article linking La Costa to the mob, have now bowed out of the six-year-old libel case by reaching an independent settlement with the plaintiffs (Moe Dalitz among them). Gerth and Bergman allegedly signed a letter expressing "regret at any unwarranted harm" that may have come to the plaintiffs, and praising their charitable acts, while shifting some of the blame to *Penthouse*, which remains a defendant. (New York, 3-30-81)

Frank "Three Fingers" Coppola, arrested in Italy on drug trafficking charges stemming from police investigations of the Sicilian Connection, has been freed on grounds of ill-health. (*Chicago Tribune*, 4-13-81)

Agnes Underwood, retired city editor of the *Los Angeles Herald Examiner*, has filed a \$110 million defamation suit claiming that she was falsely portrayed, in Ovid Demaris's book *The Last Mafioso*, of having helped gangster Mickey Cohen steal \$1 million in a 1948 fund raising scam for Irgun partisans in Palestine. The same story was aired on 60 Minutes. (LAT 4-23-81) Ed. note: the 7th printing of this book in April deletes mention of Underwood from the text and index.

London police raided the Playboy clubs in the latest in a series of crackdowns on London gambling casinos. (Sunday Times 3-15-81) Playboy put four senior officials, under investigation in Britain for casino irregularities, on leave in order to get a temporary permit for its Atlantic City hotel-casino. (WSJ 4-6-81) Ten days later, Playboy fired the manager of its London operations, long-time friend of Hugh Hefner Victor Lownes, in order to ensure that it would get a permit in Atlantic City. It has received a 9-month permit for its 500 room hotel casino, built at a cost of \$135 million (WSJ 4-16-81; NYT 4-15-81).

ARA Services Inc., long suspected of having mob ties, is changing hands. Marvin Heaps is stepping down as president, to be replaced by Joseph Neubauer, former vice president for commercial lending at Chase Manhattan. (NYT 4-15-81)

William McElnea has resigned as president of Caesar's World amid rumors that the company may spin off its NJ casino if the Perlman brothers, who hold the largest bloc of shares (16%), fail to get licensed in Atlantic City. McElnea, a former investment banker, is credited with bringing financial stability to Caesar's (WSJ 3-26-81)

The Chicago mob has been given predominant influence over Las Vegas in return for staying out of Atlantic City, according to the *Chicago Tribune*. It says the accord was reached at a Philadelphia restaurant in January 1980, in a meeting of 7 of the 9 families that allegedly make up the mafia commission. (UPI dispatch in NYT 2-24-81)

Orrin Hatch, chairman of the Senate Labor and Human Resources Committee, peeved at Ray Donovan's refusal to turn over records of Labor Department investigations, has subpoenaed

them. Of particular interest are materials relating to a \$17.5 million deposit made by the Teamsters to the National Bank of Georgia in 1976 (Bert Lance's bank) allegedly to buy political influence in 1976. Also of interest are files on the Hotel and Restaurant Employees and Bartenders Union and the International Typographers Union. (WSJ 4-9-81)

Carlos Marcello's nephew, Vincent, was indicted with 3 others on charges of possessing with intent to distribute more than 6 pounds of cocaine. He was called before a grand jury in February, three days after the main government witness, Robert Lee Collins, was blown up by a bomb planted under his truck. (NOTP 5-15-81)

Harry Gross, an official of a Long Island Teamster local, was indicted for racketeering and extortion; one of his targets was Schiavone Construction, Ray Donovan's old firm. (NYT 5-22-81)

Carlos Marcello, 70, has lost a round in the legal battle over the US government's efforts to deport him. The case is unlikely to end soon, however; the government first began its efforts in 1953, based on a 1938 marijuana conviction. (NOTP 1-23-81)

IRS agents, engaged in a series of raids on suspected Chicago mafia bosses, stumbled across a photograph, believed taken in 1978, of the entire mafia hierarchy of Chicago assembled for lunch. Feds say this is the first and only time they (the bosses) have let themselves be photographed as a group; usually they go to extreme lengths to deny any mutual association or friendship. (*Chicago Tribune* 1-25-81)

Angelo Porrello, a former Kansas City tavern owner, has been jailed for refusing to testify before a federal grand jury about allegations that Nick Civella's Kansas City syndicate muscled him out of points in the Tropicana hotel-casino in Las Vegas. (Kansas City Star 3-27-81)

The Labor Department is backing the Teamster Central States Pension Fund in its denial of \$67 million in loans and fees to Morris Shenker. Shenker seeks \$50 million for legal and other services he says he gave during a 1973-74 estate settlement, and another \$17 million he says the fund promised to loan him in 1974 (WSJ 4-16-81) Shenker, the former lawyer for Jimmy Hoffa and now owner of the Dunes casino, has long been a subject of federal investigation. He donated \$2,000, twice the legal maximum, to the Carter campaign in 1979. (*Chicago Tribune* 6-1-80) Unmentioned in the US press was his attempt to take control of the Nice casino owned by Jean-Dominique Fratoni, a close associate of Italian mafiosi, in 1978-9. (MacLean's 1-1-79; *Le Point* 6-11-79)

Will Ray Donovan be the next Bert Lance? That can't be ruled out in light of the FBI's slipshod investigation of charges made by its underworld informants. (Inquiry 5-11-81)

Former US attorney general Richard Kleindienst has been indicted on 14 counts of perjury in Arizona, stemming from his testimony in hearings held after the Arizona department of insurance agreed to settle a suit arising from the alleged milking of a \$7 million from a Teamster health and welfare fund. The Arizona bar says he kept silent in the face of false testimony at a 1976 hearing, and then lied in his own testimony in 1977 and 1978. Kleindienst says he is a good Christian and has "never had to repent for the sin of perjury." He did,

however, plead guilty to testifying falsely at a Senate hearing on the ITT case. (NYT 4-16-81) For an excellent account of Kleindienst's role in a deal to fix a major mob stock swindle case while he was no. 2 at Justice, see Michael Helleman, *Wall Street Swindler*, p. 252.

Kleindienst now admits that while in the Justice dept he called off a wiretap on Frank Fitzsimmons. Kleindienst says the recommendation for this came from assistant attorney general Henry Peterson, formerly in charge of organized crime at Justice (*Seattle Times* 5-6-81). Peterson was the man who insured that John Dean kept in touch with the progress of the FBI investigation of Watergate. Peterson later joined William Hundley's law firm (connected to Intertel) and represented Sportsystems, formerly Emprise, a corporation convicted in a Las Vegas casino skim case.

A Seattle TV station blew the cover of Vincent Teresa, former New England mobster who testified before 22 grand juries as a witness for the feds. He was hiding under the name Charles Cantino, until KING-TV accused him of committing crimes and frauds while under protection. Teresa denies all the charges. His son Wayne was convicted in December of first-degree murder for killing a man over cocaine. (*Seattle Times* 5-5,6-81)

SCA Services, a \$230 million waste disposal company, is the target of congressional investigators who suspect it of fronting for the mob. In 1975 the SEC charged its then president with scheming to misuse nearly \$4 million in corporate funds. Its new president, Tom Viola of NJ, was accused by an FBI informant in December of being crime connected. Numerous competitors and potential witnesses against him have died violently. Viola denies the charges.

In March the NJ casino control commission granted a casino managers license to Tony Torcasio, hired by Penthouse to run its Atlantic City casino. An Abscam recording reveals Torcasio discussing how he could skim \$100,000 a night from a casino without the owner's knowledge. Torcasio began his career working in illegal casinos in Ohio, then moved on to a Lansky casino in Cuba (Riviera - ed.) (*Philadelphia Inquirer* 4-25,26-81)

The chief suspect in the murder of Allen Glick associate Tamara Rand, Chicago hit man William Petrocelli, was found murdered on Chicago's Southwest side. He is also thought to have killed a key federal witness in November in Chicago. Investigators suspect that Anthony Spilotro was behind the Rand hit, to protect his alleged hidden interest in Glick's Las Vegas casinos. (San Diego Union 3-17-81)

William V. Musto, a NJ state senator, was indicted with 8 others on charges of racketeering, extortion and fraud. He allegedly took bribes from a firm owned by Thomas Principe, a reputed mobster. (NYT 4-28-81)

Teamsters interim president Roy Williams was indicted with Allen Dorfman and Chicago mobster Joseph Lombardo (an Anthony Spilotro associate) on charges of conspiring to bribe Senator Cannon with a favorable Las Vegas land deal in return for his taking over a trucking deregulation bill away from Senator Ted Kennedy. Cannon was not indicted, although his name will figure prominently at the trial. (*San Francisco Chronicle* 5-23-81)

For detailed reports on mob wars in Pennsylvania and Atlantic City (Bruno et. al.) see Mike Mallowe, "The Boardwalk Mob," *Philadelphia Magazine*, June 1978; "Hail, Hail, the Gang's All Here," *Phil. Magazines*, April 1980; "The Mob After Bruno," *Phil. Mag.* January 1981; "Phila. Mob Slayings Point to NY Control," *Pittsburgh Post-Gazette* 4-7-81.

LA attorney Nathan Markowitz was shot to death, apparently to silence his testimony regarding his involvement in laundering money for major narcotics dealers through the Garfield Bank, a small bank in southern California. His associate in these dealings was Herbert Adair. Markowitz apparently was involved in heroin deals with an organized crime "godfather." (LAT 4-7-81)

Del E. Webb Corp faces serious problems as NJ moves to delay the opening of its new hotel-casino in Atlantic City. The reason is a pending federal indictment accusing Webb and a company vice president of fraud in connection with Webb's contracting work on an expansion of the Aladdin Hotel in Las Vegas. The charges were brought in 1979 but no trial date has been set. (WSJ 4-22-81)

A federal judge has ruled in the antitrust case pitting the Oakland Raiders against the NFL that testimony linking Raiders owner Al Davis to Allen Glick, a former Las Vegas hotel-casino owner with alleged links to organized crime, will not be allowed. "Raiders attorney Joseph L. Alioto had vowed that if the Glick connection was permitted in evidence, he would counter with evidence of other football team owners' ties to organized crime. 'We want to show that NFL owners had ties with Las Vegas personalities and with organized crime which were more than Mr. Davis's,' Alioto said." (*San Francisco Examiner* 5-9-81) Alioto should know, if the testimony of Jimmy Fratianno can be believed (on which see Ovid Demaris, *The Last Mafioso*).

Lovers William Callahan and Wendy McDade were found shot gangland style in Wisconsin. Investigators suspect that Callahan's ties to the late Carlo Gambino may be relevant. Callahan, a one-time dancer, married Eleanor Rao 30 years ago and joined his father-in-law's firm, Arc Electrical Construction Co., from which he embezzled \$5 million, most of which ended up in Cayman Island bank accounts. "Callahan's father-in-law, Charles Rao, is the brother of retired Chief Judge of the Court of Claims Paul Rao Sr., who was indicted by a Maurice Nadjari grand jury in 1974 for allegedly lying about his part in fixing a case. The indictment was later dropped." (NY Post 4-7-81). Paul Rao Jr., of course, was Michele Sindona's confidant and pr man in NY in the early 1970s.

The Brilab case is at last underway, and is expected to take at least 12 weeks to complete. The two most significant defendants are Carlos Marcello and his Washington lobbyist Isaac Irving Davidson. The primary basis of the prosecution is hundreds of hours of tapes made from bugs on Marcello's home, bugs on the body of government informer Joseph Hauser who allegedly brought Marcello and Davidson into an insurance racket, and wiretaps on Marcello's office phone. From 1979-80 the FBI collected 1,400 reels of tape and produced a 45,000 page transcript, more than has ever been collected in a federal investigation (and quite a change from 1963 when the FBI appeared unable to surveil Marcello at all). Prominent among the conversations are Marcello's boasts of his influence with Louisiana public authorities; Marcello defense lawyer Michael Fawer, on the other hand, complains that the most common subject of conversation was "fettucine recipes." The trial pits prosecutor John Volz,

formerly an assistant to Orleans Parish DA Jim Garrison (hardly a clean figure himself) and former Tampa prosecutor L. Eads Hogue against former Trafficante defense attorney Henry Gonzales and longtime Marcello associate Russell J. Schonekas, who ran unsuccessfully in 1966 for DA of Jefferson Parish. (NOTP 3-29-81) In one tape-recorded conversation with federal agents, Irving Davidson described Marcello as the “No. 1 guy in (the) mob.” The judge struck this remark from the record, and also eliminated a reference to a New Jersey senator (NOTP 5-8-81). Davidson's attorney claims that he was in New Orleans meeting with Marcello on behalf of Clint Murchison, Jr., owner of the Dallas Cowboys, who was interested in buying some land from Marcello. (NOTP 4-22-81) So far the case has been replete with Marcello quotes about his ability to control ILA officials, public officials, and others--and a lot of racial slurs--but relatively little of national mob significance.

## I. Drugs

A joint DEA-ATF investigation, “Operation Flying Circus,” led to the arrest of 14 people in Florida and Georgia for conspiracy to sell dynamite, machine guns, and silencers to undercover agents who posed as drug dealers. (Press release, 4-5-81; *Jacksonville Times-Union* 4-6-81). I have been informed that the weapons were Ingrams, originally sold legally, then stolen and converted into machine guns. See PPUSA/1 on the trade in Ingrams in south Florida.

An alleged leader of a heroin smuggling ring, Craig Richard Clymore, who was among the passengers on the hijacked Pakistani jetliner in March, was ordered held on \$10 million bail. The government says his smuggling from south Asia began in October 1979. (NYT 4-14-81)

Experienced French Connection chemists have moved to Sicily where Near Eastern and South Asian morphia are refined into heroin and shipped to the US and Western Europe. The reason, claims Philippe Bernert, is that Italian General Dalla Chiesa, head of the carabinieri, has made a tacit alliance with the mafia, to lay off it if they aid his fight against the Red Brigades and other terrorist groups. Meanwhile, rival refineries have opened in Turkey and a violent struggle is under way in Europe between Mafia and Turkish drug trafficking networks for control of the European market. (*Vendredi-Samedi-Dimanche*, early March 1981. Not the most reliable source). Recent government crackdowns on Sicilian refineries would suggest that this alliance has a questionable future.

Heroin refineries are also taking root in Pakistan, close to the source of opium, and greatly improving the smugglers' chances of moving their product to Western markets. The final product is much less pure than French Connection white, but much stronger than the Mexican variety. Of the four tons of heroin smuggled into the US in 1980, say “experts”, 1.7 tons came from South Asia, 1.3 from Southeast Asia, and 1 from Mexico. (WP 3-26-81)

The Golden Triangle is due for a bumper opium crop, almost 660 tons (down from the 1000-ton figure of a decade ago). It will make up for declining output from the Golden Crescent (South Asia). Last year, says the DEA, 43% of our heroin came from the Golden Crescent and 25% from Mexico (that about accords with the figures above). Drug agents intercept only 5-7% of the drugs that move through Thailand. Article claims that 70-80% of the refineries in Burma are controlled by the Shan United Army warlord Chang Chi Fu (WSJ 4-2-81). This last

claim seems doubtful; media reports of who the "opium king" is at any moment seem to depend more on the political winds in Bangkok and Rangoon than more objective factors.

A Chinese judicial police official from Shanghai admits that opium grown for medicinal purposes is being smuggled out of the country through Hongkong and Taiwan. (NYT 4-26-81)

Thai narcotics fugitive Poonsiri Chanyasak has been arrested in Laos four months after an expose in *Far Eastern Economic Review* aired charges against him and examined his extremely close relations with the Laotian regime. Diplomats believe his arrest stemmed from pressure brought by international aid officials after the article appeared. However, they doubt that he will be extradited since he knows too many secrets. (FEER 1-30-81)

23 people have been arrested on drug charges in Key West as part of a state-county investigation concealed from the Key West police department, which is suspected of being infiltrated by friends of the smugglers. (MH 4-10-81)

The new chairman of the House Select Committee on Narcotics Abuse and Control is Rep. Leo Zeferetti (D-NY), whose recent reelection owed much to support from the ILA in his Brooklyn district. That ILA local was until recently headed by Anthony Scotto, who was convicted of racketeering and tax fraud. Despite his conviction, the ILA did nothing to punish Scotto until the New York Waterfront Commission finally forced his removal; in his place is Scotto's cousin by marriage. (Jack Anderson in WP 4-2-81)

The Florida Department of Law Enforcement estimates that narcotics are to blame for half of all murders in Dade County. (MH 5-21-81)

FBI investigators have at last made a breakthrough in the murder case of US District Judge John Wood Jr., gunned down in May 1979 in San Antonio. In their search of lawyer Joe Chagra's office, authorities turned up a tape recording of a conversation between Chagra and convicted hit man Charles Harrelson, who discussed the slaying. Harrelson has now been linked to Chagra's brother Jimmy, a former Las Vegas high-roller who disappeared after his conviction (a couple of months after Wood's murder) on drug charges. Investigators now think they can show that Jimmy was behind the Wood murder, having feared that Wood would give him a stiff sentence. Four weeks before the assassination, Jimmy met Harrelson at Benny Binion's Horseshoe casino; Chagra lost a lot of money to him at a card game that authorities suspect was a cover for a payoff. Harrelson was previously convicted of a contract murder but was paroled after only five years. (*Dallas Morning News* 3-20-81)

A newly declassified cable from the US embassy in Panama, dated 2-25-77, reports on the deportation for narcotics offenses of Anthony Di Lorenzo, arrested by Panama's G-2 on orders of General Torrijos (clearly to counter charges from the Panama Canal lobby that Torrijos himself was going easy on traffickers - ed.). Di Lorenzo, of course, was a prominent Long Island gangster, who controlled truckers at Kennedy airport and was convicted of trafficking in stolen securities. Anyone know where he is now?

Jack Anderson charges that the Justice Department has failed to investigate clear and widespread charges of petty corruption in the DEA, particularly abuses by Peter Bensinger himself (e.g. misuse of DEA agents for personal convenience). (WP 4-17-81)

The Reagan administration is considering abolishing the DEA and turning its functions over to Customs and FBI, according to Senator Joseph Biden (D-Del.), ranking Democrat on the Senate criminal justice subcommittee. (WP 5-1-81). But don't get your hopes up; Peter Bensinger is one of Washington's toughest and cleverest bureaucratic infighters, as illustrated by the timing of Operation Grouper (see PPUSA/1).

Nine crew members of a shrimp boat carrying 21,000 pounds of marijuana were convicted on smuggling charges stemming from Operation Grouper (MH 4-4-81)

Operation Grouper suspect Jose Antonio Fernandez is missing after a New Orleans judge reduced his bail from \$10 million to \$500,000. DEA estimates Fernandez's fortune at \$40 million, mostly in foreign real estate. (MH 5-7-81)

Dade County police have uncovered a police kidnapping ring within their own ranks. It preyed upon wealthy drug dealers and other victims whose shady background ensured they would not report their predicament. Up to a dozen kidnappers were involved. (SF Chronicle 4-10-81)

Jerry Plotkin, a private US citizen held hostage by the Iranians, had an arrest record a mile long for drug smuggling, counterfeiting, fraud and weapons charges. He was in Iran representing a company owned and controlled by the family of the deposed shah. A three-part series goes into all of the details. (Los Angeles Herald Examiner 3-24-81)

3 More suspects have been rounded up in Operation Grouper: Fidel Lorenzo, Angel Andres, and Eduardo Garcia. Bail was set at \$20 million for Lorenzo. This brings the total number of defendants in custody to 125. (MH 3-14-81)

Urbain Giaume, a leader in the French Connection, has been released for medical reasons after serving less than 3 years of a 20 year sentence. (NYT 4-20-81) The French satirical weekly Canard Enchaîné has linked Giaume to Nice mayor Jacques Medecin.

A drug bust in October 1980 netted Travis Grant Ashbrook, a former leader of the Brotherhood of Eternal Love (bankrolled by William Mellon Hitchcock— see elsewhere in this issue). Ashbrook was previously indicted for conspiracy to distribute LSD in 1972. He and his fellow William Everet acquired hashish from Lebanon's hashish king Abdul Amhaz, acting through a cutout, Mario Pirri, a member of an old and wealthy Italian family. Amhaz and Pirri apparently enjoy high level protection and no action has been taken against them. (*Organized Crime Review*, March 1981)

Ronald L. Hansen, an ex-Chicago burglary detective convicted of receiving stolen property, was among the defendants arrested by the DEA in Operation Grouper. Miami Beach police consider him a key suspect in the still-unsolved murder of criminal defense lawyer Harvey St. Jean in 1974. Hansen claims the arrest is unjustified and that his income comes from racetrack winnings. (MH 3-9-81)

Jack Anderson complains that the Justice Department isn't seizing the assets of notorious drug traffickers following their convictions. A GAO report requested by Sen. Biden confirms the charge. (WP 4-15-81; MH 5-1-81)

Giuseppe Gambino, cousin of the late Carlo Gambino and owner of a Philadelphia pizza parlor, was acquitted of charges that he was kingpin of a multimillion dollar heroin smuggling ring. The heroin shipment, worth \$120 million on the street, was seized in Milan but an Alitalia employee, Francesco Rolli, testified that Gambino paid him to help move the shipment through Kennedy airport. Gambino's attorney successfully convinced the jury that Rolli was an unreliable, petty thief out to save his own neck. Giuseppe's brother Rosario is apparently still awaiting trial. (Associated Press 3-19-81; *Philadelphia Inquirer* 3-22-81)

Long article on the smuggling operations of Jimmy Chagra associate Peter Krutschewski, the most decorated living pilot from the Vietnam war. (*Boston Phoenix*, 4-14-81)

Thomas H. Hanigan, an Arizona rancher recently acquitted of torturing and robbing three Mexican laborers, has been indicted for possession with intent to sell 574 pounds of marijuana. (NYT 4-16-81)

Many big-time drug traffickers are jumping bond rather than facing trial. One of these, Leon Serna, was arrested in connection with a 255 lb. cocaine shipment from Colombia on Aerocondor Airlines. (MH 3-25-81) This airline is suspected of being a CIA front. (*Providence Sunday Journal* 6-22-80) Does anyone have information on Serna?

The connections between Australian mobsters and American racketeers, which I touched upon in my article on Nugan Hand in last November's *Inquiry*, are more fully explored in Alfred McCoy, *Drug Traffic* (Sydney: Harper and Row, 1980) and in a three-part series in *The Bulletin* (Sydney) 11-7-78 to 11-21-78. This series includes excellent photographs linking Australian drug traffickers Bela Csidei and Murray Riley to Jimmy Fratianno, Mike Rizzitello, Rudy Tham, and Salvatore Amarena, a former Trafficante-Marcello man mentioned in my article. Curiously, Fratianno makes no mention of these contacts in Ovid Demaris's biography of him, although there are brief allusions to his attempts to establish a drug connection in the far east. Fratianno does discuss one Hungarian-born Australian member of the Knights of Malta, Ivan Markovics, but never mentions another, Bela Csidei (who explains that his diplomatic passport issued by the Knights of Malta was held for him in the United States!)

Mario Escandar pled guilty to a number of charges and will testify in a number of upcoming trials in return for a maximum sentence of 15 years. (MH 5-15-81) He allegedly arranged payment for the murder of two men who were threatening a wealthy Miami Springs Latin in a "family-type, drug-related power struggle." In short, a double extortion plot. Escandar is still on probation for a 1977 kidnapping, in which he drew a mere 60-day sentence after a corrupt detective, now relieved of duty, explained that he was a valuable informant. Four other Metro homicide detectives were also relieved of duty (with pay) after FBI agents said they were working with Escandar on drug deals, rip-offs, and robberies. After his arrest, Escandar boasted of his close relationship with the late US District Judge William Mehrtens (who threw out his 1970 indictment in Operation Eagle) and with another currently sitting judge. Police wiretaps on Escandar's phones picked up Mehrtens and many other prominent figures. (MH 3-26-81)

A Bolivian cabinet shakeup ousted Col. Luis Arce Gomez from the Interior Ministry, apparently to please the United States which indicated that normalization of relations could

not begin as long as the notorious cocaine trafficker remained in power. But Arce's critics fear that he will become another Lopez Rega, free to carry out undercover operations with official sanction. (*Latin America Weekly Report* 3-6-81)

The cocaine traffic in Bolivia is now worth \$1.6 billion a year, three times that of tin, the leading legitimate export. Much of the traffic is centered in Santa Cruz (the traditional base of Brazilian-sponsored coups d'etat - ed.) (WSJ 3-25-81)

Meanwhile, Col. Arturo Doria Medina, one of the three members of the new anti-drug squad, has raided several cocaine processing factories belonging to Arce. The function of the squad appears to be to centralize the trade. "A second member of the commission is Colonel David Fernandez of the air force, a close aide of air force commander General Waldo Bernal, and a figure with family connections to one of the biggest transport companies involved in moving coca from the production centres. Colonel Arce is widely believed to be negotiating a coup. . . . Against him is General Bernal, who lobbied successfully for Arce's removal from the interior ministry but failed to block his appointment to head the military academy. (LAWR 3-27-81)

Then Col. Arce was removed from his command of Bolivia's national military academy, and it was said that he would soon go to Taiwan to take an eight week course on intelligence methods. (MH 3-31-81)

Drugs remain a key to Bolivian politics. Diplomatic sources say the ruling junta is paying part of its payroll with profits from the \$1 billion cocaine trade. "Bolivian Air Force chiefs are also said to be using drug money in negotiations for eleven Mirage jet fighters from France." (Newsweek 4-6-81)

## **J. The Company, Frank Terpil, etc.**

See "The Company: Marijuana was the Name of their Game," *911 Detective*, July 1981.

Former South Carolina congressman John Jenrette may himself be implicated in marijuana smuggling involving The Company. However, the evidence appears to consist largely of Jenrette's long time political ally, John Ethridge, implicating others on tape, and thus may contain exaggerations. The investigation of Jenrette continues. (*Atlanta Journal* 6-5-79)

Indictments have been handed down in Fresno in the case of weapons thefts from the China Lake Naval Weapons Center, against Bradley and Larry Bryant, Roger Bernard, Ralph Calvani, and James Sherwin Nichols--the individuals referred to in PPUSA/1 in my exclusive article on The Company--not those referred to in the Ben Bradley Jr. article in the *Boston Globe*.

The FBI reportedly has evidence that Libya arranged the shooting last October of Faisal Abculaze Zagallai, a Libyan dissident studying at Colorado State University. The alleged hitman is an American ex-Green Beret named Eugene Tafoya. "Federal investigators suspect Edwin Wilson, a former CIA employee, of arranging the attack when Tafoya visited Libya last year." (Newsweek 5-18-81; a much lengthier treatment is in the NYT 5-24-81)

Maxine Cheshire, Style columnist in the WP, aired rumors that Frank Terpil was behind the death of his mercenary associate Korkala in Amsterdam. A Parapolitics/USA exclusive: Terpil says he did not kill Korkala and indeed has no knowledge of his death. Independent checking finds no confirmation that he is dead. The origin of the story is a high-ranking CIA officer who returned from Amsterdam and told the story to a source who was notorious for talking with reporters--and who could be expected to leak the story post haste. He did so, to others besides Cheshire. Why? One source speculates that it was an attempt to flush out both Terpil and journalists, suspected of being in contact with him, on the expectation that Terpil would phone them up (or be phoned by them). Wiretaps could then record the conversations. The CIA has reason to be paranoid about what Terpil could reveal of its operations, its corrupt operatives, its complicity in Libyan deals, and its role with Israeli intelligence in Uganda. An alternative scenario: the CIA is trying to hide Korkala (who might be cooperating) by pretending that he is dead.

## **K. Fraud, Corruption**

Some of the smaller islands in the Caribbean--Montserrat, St. Vincent, and Anguila--are becoming bases for numerous fraudulent "suitcase" banks that issue phony bank drafts, CDs, letters of credit, and so forth. Key figures in these frauds include Harold Goldstein, known previously for his commodity swindles; Kevin Krown, former civil rights activist and speech writer for Hubert Humphrey; Maurice Benjamin, who is an associate of Anthony DeAngelis, mastermind of the infamous "salad oil swindle" against American Express in the 1960s; and Krown associate Philip Kitzer. (WSJ 3-23-81). Krown's co-defendant in some offshore bank swindles, James Feeney, was a US government informer in the Billy Carter/Robert Vesco/Libyan plane deals case. (WSJ 10-21-80; 1980 indictment in US District Court for the District of Colorado, case no. 80-CR-54) Jack Anderson charges that the government's action against Feeney was taken to silence him regarding the Billy Carter/White case. (WP 10-15-80)

The SEC charges that hundreds of investors were bilked out of millions of dollars by the Miami-based brokerage Barclay Financial Corp. The SEC has issued a subpoena for Dennis Greenman, former senior vice president at Barclay who allegedly masterminded the fraud. One SEC attorney says, "It's a fraud on the scale of a Cecil B. de Mille production." (MH 4-7-81)

A major financial scandal has shaken the Philippines and called into question the soundness of the nation's banking system. It concerns the flight of Dewey Dee, a fabulously rich Philippine-Chinese entrepreneur who suffered staggering losses in commodities and absconded on his creditors. This comes after a run on the Consolidated Bank and Trust that forced Central Bank intervention. Dee was a director of San Miguel (the food and beer group) and owner of San Francisco's Redwood Bank. He is said to be hiding in Haiti or the Dominican Republic (*Far Eastern Economic Review* 1-30-81; 2-13-81).

"Robert L. Herring of Albany, Ga., who has emerged as a central figure in coalfield corruption and who four years ago allegedly attempted to orchestrate an influence peddling scheme involving the Carter administration and Robert Vesco, has been charged in Lee County with the contract murder of a former business associate." An indictment says "Herring paid a local coal operator \$20,000 in late 1977 and early 1978 to have Swainsboro, Ga.

businessman David M. Hill murdered during a business trip to the Virginia coalfields.” Herring now alleges “that the Virginia murder charge, which came five days before Herring was to appear before a Senate Judiciary subcommittee investigating the Vesco matter, is a fabrication designed to discredit him. . . . Hill's murder and nearly a dozen others in Appalachian states, as well as evidence of widespread equipment fraud, loan sharking and other activities, led to charges that the Appalachian coal industry gradually is being undermined by organized criminal activity.” (*Richmond Times-Dispatch* 3-8-81) Meanwhile, former Vesco grand jury foreman Ralph Ulmer has charged that Herring provided accurate testimony and valuable documents only after members of the grand jury pleaded with Judge John Sirica to override coverup attempts by the Carter Justice Department (*Ibid.*, 3-10-81). The WSJ claimed on 7-28-78 that Herring was first introduced to Vesco by a Chicago crook. Does anyone know who this was?

Peter M. Lopez, a Cuban-born lawyer and major contributor to President Reagan and Senator Paula Hawkins, has been recommended by the head of the Florida GOP to head the INS. He is under investigation for immigration fraud. He was arrested (and then released) for conspiracy to commit extortion. In 1979 the Florida bar found that he solicited false testimony in a civil case. (MH 3-24-81)

Five weeks before the French national elections, President Giscard d'Estaing admitted that he did accept gift diamonds from Emperor Bokassa, but claims they were of low value (a claim diamond experts reject - ed.); that the diamonds were sold and the money given to Central African Republic charities (a claim rejected by some of the alleged recipients - ed.). Giscard did not explain why he waited so long before selling the diamonds. (WSJ 3-24-80)

“How the FBI Conned Philadelphia,” by Thomas Moore in *Philadelphia Magazine*, April 1981. Favorable treatment of the FBI role in Abscam and profile of agent Mike Wald who did much of the conning. George X. Schwartz, president of the City Council, is quoted as telling the undercover Wald about his control of the Council: “We got five or six new members that came in. Uh, you tell me your birth date, I'll give them to you for your birthday.”

Chase Manhattan appears to have sustained loan losses of \$20 million thanks to loans made by one of its vice presidents, Michael Calandra, and his associate Jonathan Levine. Among his customers whom Chase is suing is Irvin Freedman, developer of Holiday Isle in Florida and now under investigation for bank, mail, and wire fraud; John P. Galanis, a convicted securities swindler, and Louis Nicasastro's Seeburg Corp, and to Freedman associate James J. Durkin, a Pennsylvania coal mine operator. (WSJ 5-21-81). The article really pulls its punches on Freedman, who is linked to Trafficante and numerous other mobsters through the Outrigger Club scandal in Florida, and on Durkin, who is connected to Jimmy Hoffa front man Hyman Green and numerous mob figures, according to the 1980 Pennsylvania crime commission report.

Senator Harrison Williams of New Jersey was found guilty of bribery and conspiracy in Abscam. (NYT 5-2-81)

Two senior officials of the Carter Justice Department recommended the appointment of a special prosecutor in the Vesco case. They were turned down by Michael Egan, associate

attorney general, who had been friends in Georgia with Richard Harden, the Carter White House official then under grand jury investigation for possible perjury. (NYT 5-27-81)

A Maryland judge has ruled that Spiro T. Agnew took \$147,500 in kickbacks from contractors while serving as Governor of Maryland and as Vice President. He ordered Agnew to repay the money, with interest, for a total of \$248,735. Agnew's lawyers will appeal. (NYT 4-28-81)

A former aide to Nelson and Bunker Hunt, Bill Bledsoe, who helped to orchestrate their massive silver purchases, has been indicted, along with his brother Sherman, for conspiring to defraud the Hunts by misrepresenting land transactions in Oklahoma and concealing commissions. (WSJ 4-17-81)

Samuel Flatto-Sharon, a member of the Israeli Knesset, was convicted on two counts of election bribery. His election to the Knesset in 1977 saved him from extradition to France, where he has been sentenced to five years in prison for fraud and tax evasion. (NYT, SF Chronicle 4-16-81)

Despite his fall from grace during the Lockheed scandals, Kakuei Tanaka remains one of Japan's most powerful politicians. An elected member of the Diet, he controls far and away the largest faction within the ruling Liberal Democratic Party. Many Japanese are still nostalgic for his rule, but his return as PM is almost unthinkable. (WSJ 5-6-81)

The Perez brothers, sons of late political boss Leander Perez of Plaquemines Parish, Louisiana, are subjects of investigations into massive thefts from the Parish. Under the Perez family, the parish has been ruled as one of the last feudal domains in the US. A few years ago it was revealed that Leander had extorted payoffs from Tenneco and Gulf Oil, both of which had oil facilities in the area. (SFC 2-16-76; NYT 11-9-78; WSJ 5-16-79)

Joseph Margiotta, Republican chairman of Nassau county, admits to splitting commissions on county insurance contracts and distributing shares to political allies. But defense witnesses, including two former Democratic chairmen, a County Court judge, and other officials, say the practice was long accepted. Four prominent judges appeared as character witnesses, including George Pratt, who is presiding over the Abscam prosecution of Harrison Williams. (NYT 4-19-81) Another Margiotta supporter is William Casey, now CIA director, who contributed to Margiotta's legal defense (NYT 12-26-80) Margiotta's attorney is William Hundley, one of the founders of Intertel.

Ross Fields, boxing promoter known as Harold J. Smith, said he had information about narcotics-related transactions at the Beverley Hills branch of the Wells Fargo bank. "There'll be a whole lot of people going to jail," he promised. Fields is the object of a huge civil fraud suit filed by Wells Fargo in connection with the now defunct Muhammad Ali Professional Sports case. (NYT 4-18-81)

Hardwicke Co. (see PPUSA/1) has sued a group of dissident shareholders, alleging that they purchased shares with inside information supplied by Wall Street entrepreneur Andrew Racz. (WSJ 4-6-81)

Frank Smathers, Jr., and Roy Carver (see PPUSA/1) are attempting to seize control of the Flagship bank group. The current management, headed by chairman Philip Searle, has sued, charging the insurgents with violating US securities laws in their stock acquisitions, and saying that, under Smathers' chairmanship before 1974, "Flagship's business was marked by unsound banking and operational practices."

## L. Miscellaneous

Claudia Wright explains that Arnaud de Borchgrave, co-author of *The Spike*, was fired from *Newsweek* "after he and his friends at AIM (Accuracy in Media) threatened to 'expose' *Newsweek* following the Soviet move into Afghanistan of December 1979. De Borchgrave had written a piece on Soviet aggression that was spiked by the *Newsweek* editor, Lester Bernstein, in favor of a summary from Bureau Correspondents and a Soviet commentator's viewpoint. De Borchgrave tipped AIM off and they wrote to Bernstein accusing him of spiking de Borchgrave in favour of KGB disinformation. The correspondent then went over Bernstein's head, complaining and threatening again about the KGB stooges in the magazine. *Newsweek* fired him--but sensitive to the damage that de Borchgrave could continue to do, announced publicly that he had left voluntarily." (New Statesman 5-1-81)

Nixon and Rebozo caused a flap when they returned on a plane from Cat Cay in the Bahamas without communicating with the FAA, leading Customs to try and intercept their plane on suspicion of drug trafficking (Cat Cay is a notorious drug center). The flap was caused by Nixon's failure to submit to customs procedures in Key West. (WP 5-15-81) Cat Cay has several associations. The new Cat Cay Club is part owned by Dr. Joseph Kazickas, a shareholder in the Paradise Island Bridge Co. which allegedly laundered its skim through Rebozo's Key Biscayne Bank. Mike and William McLaney operated a small casino on Cat Cay in the mid-1960s (Mike was prominent in Havana gambling in 1959).

"Why Carter Admitted the Shah" is the question explored in a NYT special report, 5-17-81, that explores the role of Kissinger, David and Nelson Rockefeller, and John J. McCloy in pressuring the Carter administration to allow the shah into the country.

The new film *Inchon*, premiered at the Kennedy Center, cost \$46 million and was financed in part by the Unification Church. The film's producer, Mitsuiharu Ishii, is a member of the UC, and is a multimillionaire newspaper owner in Japan, and a prominent anticommunist. The film also had the assistance of the South Korean military. (WP 4-22-81)

Israel now has 20-30 military advisers in El Salvador, according to *Latin America Weekly Report* 3-27-81. Israel has been a major seller of small arms to this and other Central American countries, most notably Somoza's Nicaragua.

The CIA has been unveiled as the sponsor of the nation's 34th largest credit union, the Northwest Federal Credit Union in DC, with 1980 assets of more than \$130 million. (*American Banker* 5-12-81)

Gordon Liddy mentions White House assassination programs in a recent interview with *High Times*, June 1981. (I discussed these myself in *Inquiry*, March 5, 1979). Q: "Would it make

sense for the CIA to employ hit squads to assassinate drug smugglers in Burma, France, Lebanon and Turkey? A: Well, as a matter of fact, I so proposed in a lot of those places, not all of them, when I was in the government. But when you start talking about Burma, you get up in that Golden Triangle area and drop people in there and they're more than likely not to come out. In other areas, I did recommend that we kill some of the major drug traffickers at the borders, but it was turned down. Q: Did you ever recommend it within the United States, or was it always in a foreign country? A: It was in the foreign ones. I figured the ones in the United States were reachable, and I was concerned with the ones sitting out there who were not reachable by the conventional means." (p. 68)

Chilean freemasons are in crisis. The grand master of Chile's lodges, Horacio Gonzales Contesse, is an ardent backer of Pinochet, has tried to purge junta critics from the ranks, and has attacked the Catholic Church, which is itself critical of the dictatorship. Most Chilean masons, however, do not support this anti-church campaign, despite the historical antagonism between masonry and the Catholic Church. And despite Contesse's support for the government, the junta has pushed through a new law downgrading the importance of the mason-influenced University of Chile. (*Latin America Regional Reports, Southern Cone, 3-6-81*)

On March 4 the Foreign Affairs ministry in Maputo, Mozambique ordered the expulsion of four American diplomatic personnel on espionage charges. The State Department denounced the expulsion and blamed Cuban intelligence agents for putting the Mozambicans up to it. However, some of them have been reliably reported in the past to have worked for the CIA in other locales, and, according to a Mozambique newspaper that reprinted a number of incriminating documents, an agent of the Mozambican security service infiltrated the CIA's network in 1976, providing low level information to the CIA while learning the identity of the CIA's operatives in the country. The CIA was allegedly in close contact with the South African BOSS and may have supplied information on the whereabouts of ANC headquarters near Maputo that were raided by Pretoria's commands. (*Afrique-Asie (left wing) 3-30-81*)

Congressman Stokes, chairman of the House Select Committee on Assassinations, has released a rebuttal to the FBI's slipshod interpretation of the Dallas police tape that formed the basis of the HSCA's finding of a probable conspiracy in the JFK case. He also introduced into the record two letters attacking Gaeton Fonzi's mammoth critique of the committee in the *Washingtonian*. (*Congressional Record 4-30-81, H1631-1639*)

Prince Bernhard, notorious for his role in the Lockheed scandals and, in some circles, for his sponsorship of the Bilderberg conferences, has an exceedingly embarrassing wartime record. In 1976 it was revealed that he had joined the SS and SA in his youth, had worked for the IG Farben cartel in the 1930s under an associate of its foreign espionage department, and had retained a Nazi spy as his closest wartime adviser. In 1978 a new charge surfaced--reported nowhere in the English press, to my knowledge, outside of the South African weekly *To The Point International* (now defunct, following the Muldergate revelations that it was secretly financed by the South African propaganda bureau)--that in 1942 Bernhard sent a letter to Hitler saying that he and Princess Juliana would consider returning to rule Holland under German authority. No legal action has been taken against the accuser. New evidence has since emerged that Dr. Joseph Luns, Secretary General of NATO, was a Dutch Nazi Party member from 1933-36, a charge he initially denied but now admits. Luns is an extreme

conservative and was an ardent supporter of European colonialism in Africa. (cf. Reuben Ainsztem, "The Collector," New Statesman 2-27-81)

## **Some Background on Sindona/P2**

The recent P2 scandal, which is rocking Italy more severely than any affair since the war, burst upon American readers with no warning. However, the role of this Masonic lodge in political conspiracies has been known to the Italian authorities at least since 1971, and to the Italian public since 1975, when a member "defected" and revealed the complicity of P2 members in a train bombing. Information on P2 was forced to the surface by the ongoing Italian investigation of financier Michele Sindona, a lodge member who was accused a couple of years ago by his right-hand man, Carlo Bordoni, of being implicated in P2 conspiracies. Italian police now believe that the lodge's grandmaster, Licio Gelli, aided Sindona's movements during the period of his fake kidnapping.

Sindona, of course, was recently tried and convicted on charges of having set up that fake kidnapping to escape sentencing on the Franklin National Bank charge. This trial received next to no publicity. As I noted in the previous issue, however, an affidavit came to light at the trial linking Sindona and a British associate to a coup d'etat plot in 1972, apparently part of the Rosa dei Venti plotting of Edgardo Sogno, a monarchist contact of this former British intelligence agent during World War II. According to the affidavit, Sindona informed the US embassy and the CIA of his plans. This is certainly plausible; according to the Pike report, an Italian businessman (Sindona) passed \$800,000 from the CIA to the right wing head of the Italian intelligence service, General Miceli, who was in contact with coup plotters (though whether this latter fact was known to the CIA is unclear). Sindona also purchased the CIA-owned *Rome Daily American* in order to keep the newspaper in safe political hands while cleansing it of overt association to the Agency.

In Italy, a parliamentary commission has been investigating all aspects of the Sindona case since last fall. Again, the American press has ignored their work. However, a member of the commission whom I interviewed in April indicated that they were hot on the trail of P2's role in Sindona's affairs. One story, not yet verified, has it that Sindona knew Henry Tosca (US ambassador to Greece under the colonels, and ambassador to Morocco during the Ben Barka case) through a Sr. Federici, a big businessman and fellow member of P2 whose daughter was Tasca's wife. It was this connection that allegedly led Sindona into laundering money into Greece during the dictatorship for political purposes.

Commission members were also intrigued to note that when Italy tried to extradite Sindona from the US to face charges, the head of the district attorney's office in Rome, C. Spagnuolo, wrote an affidavit in the name of Italian masonry, saying that Sindona shouldn't be handed over since the Communists controlled justice in Italy. Spagnuolo is a member of P2.

In other testimony, the commission heard allegations that Sindona made gigantic payoffs to the Christian Democrats--on the order of billions of lira-- before the 1973 divorce referendum. Sindona's son-in-law has spoken of Sindona's huge and mysterious foreign

exchange transactions with the Moscow Narodny Bank; Bordoni has charged that Sindona sold lira furiously in order to undermine the currency and provoke a coup. And there is persistent talk of a list of 500 prominent Italians who took advantage of Sindona's banking conduits to launder money illegally out of the country--but the names on that list are still in dispute.

For Americans, the important information to look for concerns Sindona's American contacts, who include Daniel Porco, Paul Rao Jr., Philip Guarino of the GOP national committee, and possibly John Connally. Second, we can hope that more information will come to light about US involvement in the several coup attempts against Italian democracy in the early to mid-1970s, about Sindona's role in CIA support for the Greek colonels, and about the support network that ties together European and South American neofascists with elements of organized crime. Licio Gelli's close personal ties to Jose Lopez-Rega, founder of the notorious Argentine Anticommunist Alliance (which cooperated with European right-wing terrorists) and reputed drug smuggler, are worth studying; Lopez Rega is a member of P2, and in hiding.

The Sindona/P2 case is gigantic; at least one book has already been written on Sindona, and material for several more has come out since it appeared. Mountains of new revelations are appearing in the Italian press daily. Parapolitics/USA will attempt to provide coverage of some of this Italian material and make it available in English translation. This is an expensive proposition, so readers interested in obtaining translation packets including material on Sindona, CIA, SID, P2, and related matters should contact me for details.

## THE IMPORTANCE OF ROBERT GAYRE

By Kevin Coogan

In the 36 years since the defeat of Hitler's Germany the Pandora's Box of racist politics has been pretty well kept shut in the West. Now today we hear of the emergence of a new "ack International" in Europe which has committed acts of anti-Semitic and anti-immigrant violence. In the United States reports of both increases in Klan and Nazi activity are becoming commonplace. Yet in both Europe and America the image of the enraged fascist or Klansman is not so dissimilar to that of the way many see a member of the Red Brigades or Baader-Meinhof gang. These groups seem to be engaged more in psychopathic activity than in organizing a real political movement. According to *New Statesman* foreign editor Christopher Hitchens:

The existence of the Black International does demonstrate that Europe has not yet purged itself of Nazi barbarism or of the superstitious and racist ideas which gave Nazism its head start. But the tactics of the Black International are paradoxically rather heartening. This is the mayhem of desperate losers and ideological smog-heads - not the confident bullying, systematic violence of the Thousand Year Reich.<sup>1</sup>

Hitchens's argument seems reasonable enough as long as one views the ultra-right as on the lunatic fringes of society. Yet as I hope to suggest one's understanding of the importance of ultra-right movements radically shifts as soon as one sees that the ultra-right fringe groups which grab the attention of the media are in fact only one example of a serious, sophisticated attempt to reintroduce the racist politics of Nazism to Europe and America today.

Ironically the attention focused on groups of terrorists in both Europe and America has served almost to smokescreen the fact that the real architects of the revival of "Eurofascism" are not bunch of gutter level punks with Hitler complexes but men with very direct connections to some powerful institutions in (especially) European society.

One such gentleman is Robert Gayre. Mr. Gayre, a prominent heraldic authority, was the founder and for many years the editor of a journal called "The Mankind Quarterly." Today "The Mankind Quarterly" is published out of Washington D.C. by a gentleman named Roger Pearson and is sponsored by Pearson's Institute for the Study of Man. Robert Gayre remains its honorary

editor in chief.

Besides publishing “The Mankind Quarterly” Mr. Pearson has other activities, not the least of which is his role as the sponsor of the 11th annual conference of the World Anti-Communist League (WACL), an organization which is threatening to become the most serious fascist organization in the world today.<sup>2</sup> Aiding Pearson in his attempt to transform the WACL from an ultra-anti-communist organization into a bastion for racist politics is Pearson's long-time close friend Willis Carto, the eminence grise behind The Liberty Lobby. Both men are ideological proteges of Robert Gayre, the Scottish aristocrat.<sup>3</sup> Gayre in turn is in contact with some of the leading forces in the European aristocracy who aid his efforts. One such aristocrat is Prince Bernhard of the Netherlands.

Before establishing Gayre's background it is necessary to understand first the current tension between the forces represented by men like Gayre and Pearson and other circles inside the European and American right wing. The issue can be reduced to one word — race. Or as Liberty Lobby leader Willis Carto expressed it once, “The issue is not ideological but ethnological.”<sup>4</sup> Men like Gayre, Pearson and Carto are working feverishly to redefine rightwing politics away from a hatred to Communism to a race-rooted view of the world.<sup>5</sup> As a result of this policy within the World Anti-Communist League there have been enormous tensions which have actually led to the creation of a Pearson sponsored “EuroWACL” to promote the reentry of race ideology into the right while at the same time bringing groups of ex-SS men into EuroWACL.<sup>6</sup>

At the same time in France the efforts of men like Pearson and Gayre have borne fruit with the creation of the French “New Right” and especially with the group centered around the magazine *Nouvelle Ecole*. Today Roger Pearson is an advisor to *Nouvelle Ecole* and in 1978 a group from the magazine attended a WACL conference in Washington D.C.

According to Thomas Sheehan (in an article which first appeared in *The New York Review of Books*) the connections between *Nouvelle Ecole* and *Mankind Quarterly* are so great that they (along with a German journal *Neue Anthropologie*) are virtually interlinked publications even down to the presence of three members of the racist *Mankind Quarterly*-- Robert Gayre, Robert Kuttner and H. E. Garrett--on the *Nouvelle Ecole* board of directors.<sup>7</sup> The entire “*Nouvelle Ecole*” advisory board has been aptly described by New Yorker writer Jane Kramer as a “Who's Who of Europe's fascist intelligentsia.”<sup>8</sup>

What concerns observers of *Nouvelle Ecole* like Kramer and Sheenan is the attempt to create a “scientific foundation” based on the alleged science of “sociobiology.” Such a view is exemplified by a leading “Nouvelle Ecole” thinker Alain de Benoit who argues that “An ‘intelligent’ racism that takes cognizance of ethnic diversity is less harmful than an intemperate, leveling, assimilative antiracism.”<sup>9</sup>

This de Benoit statement perfectly captures the line of *The Mankind Quarterly* since its founding in 1960. Yet just as today when many suspect the linkup of the “intellectual” fascism of a de Benoit with the people who bombed Rue Copernic may be more than both sides would care to admit, the same pattern of evidence linking the “academic” fascism of a Gayre to the gutter Nazi Pearson was transparent in 1960.

In the late 1950's as Gayre was preparing *The Mankind Quarterly* Roger Pearson was involved in creating his own magazine, *Northern World – Folk*, which was the mouthpiece for his racist Northern League for Pan-Nordic Friendship. The Northern league had offices in Dumfermline, Scotland and Sausalito, California (where Willis Carto was then based) and in 1962 Amsterdam. Besides arguing in the magazine that the Vikings really discovered North America and that Atlantis was the “earliest culture ground of Europe,” *Northern World* pushed the necessity of “loyalty to Nordic culture and Nordic ideals” since Nordic man is the “true white man.” Indeed, according to *Northern World*, “The white race is unique in that it cannot be improved by inter-breeding with any other variety.”

Pearson's Northern League had an active relationship with a host of neo-Nazi organizations centered around a German-based ex-follower of Otto Strasser named Otto Karl Dupow.<sup>10</sup> At the same time men like Robert Kuttner (currently a member of the advisory board of “The Mankind Quarterly”) were writing articles in *Northern World* in defense of the Druids.<sup>11</sup> Gayre for his part advertised *The Mankind Quarterly* and a magazine devoted to Heraldry called *The Amorial* in the pages of *Northern World* while *Northern World* recommended Gayre's publications for “racist intellectuals.” (In 1964 *Northern World* reorganized and renamed itself *Western Destiny*. *Western Destiny* was edited by Roger Pearson and based in California. The magazine also heavily promoted the ideas of Francis Parker Yockey. Willis Carto was one of the major behind the scenes editors of the magazine.)<sup>12</sup>

Along with running the publication of *Northern World* in 1959 Pearson actually organized in Germany:

a week-long meeting of the Northern League which culminated in a demonstration at the foot of the Arminius monument in commemoration of the 1950th anniversary of the battle of the Teutoburg Forest!<sup>13</sup>

This battle (which occurred in 9 A.D.) was won by the “Nordic” German tribes against the Roman legions. The actual site of the battle is in the German principality of Lippe and at the time it was inhabited by the Cherusci tribe.

It happens that Robert Gayre is a Chamberlain to the current Prince of Lippe, a close family relation to the notorious Prince Bernhard of the Netherlands. In November 1960 the “Grand Chamberlain to the Prince of Lippe” joined the editorial board of Gayre's heraldic publication, “The Amorial.”

Bernhard as is becoming increasingly well known, maintained his Nazi ties all during world War II, ties which dated back to his earlier involvement in the SS and the SA.<sup>14</sup> Bernhard's World Wildlife Fund activities today receive substantial funding from leading “Afrikaner” business groups in South Africa, groups known to have fond memories of Germany and the Netherlands.<sup>15</sup> Nor is the Dutch Royal Family noted for possessing a great deal of sanity. Bernhard's wife, ex-Queen Juliana, for example is a strong believer both in UFO's and the teachings of G. I. Gurdjieff.<sup>16</sup> (Gurdjieff, founder of the Institute for the Harmonious Development of Man, was a Russian exile whose quack philosophy was popular among the literati on both sides of the Atlantic.)

There is also evidence to suggest that WACL itself received funding from the Dutch Secret Service. According to the 1978 book *L'Orchestre Noir*, the WACL was very close to certain Western research outfits based in Holland, including the Institut Oost West de la Haye which was headed up by Mi Van der Heuvel who was also the Holland representative to WACL. WACL also had close ties to the Centre d'Information et de Documentation (“Interdoc”) which also was believed to receive Dutch secret Service money. One of the attendees at the initial meeting which created Interdoc was Professor Luigi Gedda who at the time was also a member of the editorial board of *The Mankind Quarterly*.<sup>17</sup>

Roger Pearson's pro-race tilt became most obvious in fact in the Netherlands itself when Pearson extended an invitation to the head of an organization of ex-Dutch SS men to attend a WACL conference in New York in the late 1970! This led to a panicked attempt by a leading Dutch WACL figure (Dr. M. W. J. M. Breel-Meijer) to warn Pearson that he had been “tricked”

by the ex-SS men.<sup>18</sup>

Besides these links to the darker side of Dutch monarchical policies the clique of Gayre and Pearson have links to one of Europe's dirtiest southern monarchies, the House of Savoy. Again it was Gayre who led the way when in the 1940's as an Allied "Education Officer" first in Sicily and then in Italy proper he began his campaign both for the House of Savoy and for Sicilian separatism. In 1962 in fact Gayre even wrote a book whose title told all: *A Case for Monarchy--A Plea for the Maintenance and the Restoration of Monarchy with Particular Reference to the House of Savoy*.

Gayre's policy has been consistently to try to attempt to split off Sicily and as much of Italy as possible in a new country which would be governed by the now exiled House of Savoy. In the late 1943 Gayre even went so far to organize a "Sicilian Anthropological Society" which became not surprisingly a hothead of Sicilian Separatism via its Institute of Social Anthropology. This organization (which at one time had 2,800 "students") was suppressed by the Italian government, a fact which Gayre bitterly denounced in his 1946 book *Italy in Transition*.<sup>19</sup>

Despite its exile status the House of Savoy is no "comic opera" bunch of aristocrats.<sup>20</sup> In the late 1950's the House of Savoy directly tried to organize a takeover of Sicily.<sup>21</sup> In the mid-1960's it was reported in the Italian press that an organization known as "Permindex" had been uncovered. Permindex's activities have allegedly included assassination attempts against Charles De Gaulle and in 1967 it was revealed that Clay Shaw was on the board of directors of a Permindex subsidiary called the Centro Mondiale Commerciale. The connection between the Italian members of the Board of Permindex-related corporations and the House of Savoy is striking.<sup>22</sup> One of the most notorious examples of this is the fact that Prince Gutierrez de Spadafora (an Italian aristocrat related by marriage to Hjalmar Schacht and the owner of a major oil refinery in Medina, Sicily) is a member of the Order of Saints Maurice and Lazarus, an Order which is only given out by the House of Savoy to its closest friends.<sup>23</sup>

The Order is the "sister" one to the Order of Saint Lazarus, another right-wing heraldic order whose Grand Master in the late 1950's was His Royal Highness Prince Francois de Bourbon et Bourbon of Spain, while the head of the English Tongue was none other than Robert Gayre himself.<sup>24</sup> Amazingly enough the head of the American bailiwick of the Order of St. Lazarus was a Scotsman, Lord Malcolm Douglas-Hamilton.<sup>25</sup> Douglas-Hamilton at the same time was the head of a notorious right-wing British intelligence group whose publications

(*Weekly Review* and *Intelligence Digest*) spent a good deal of time warning against a mysterious “third force” which controlled the world drug trade and which was both linked to Grand Orient freemasonry and to the Rothschild family.<sup>26</sup> Agents from this “third force” (it was also called “Force X) were alleged to have infiltrated the UN, UNESCO, ADA, CFR and the American Jewish Committee. In the 1950's and 1960's the “Intelligence Digest” group managed to establish networks in especially the American South and in American military intelligence circles.<sup>27</sup>

There are also hints that this group overlaps the networks of the famous Mitchell Werbell, who in fact claims to be half-Scottish and who often wears a kilt. Werbell is very close to Willis Carto and his Liberty Lobby. We also know that in 1969 (according to the 1978 British *Who's Who*) none other than Robert Gayre visited Georgia and was made an Honorary Lieutenant-Colonel and Aide de Camp (ADC) to the then Governor of Georgia, Lester Maddox.<sup>28</sup> Gayre could only get this award through the sponsorship of some Georgia group of citizens. Along with all this we have the fact (reported in Jim Hougan's book *Spooks*) that one major investor in Werbell's aborted SIONICS gun company was Charles Spofford who was the director of the CIA's American Committee on United Europe, which Hougan describes as something of “an analogue to Prince Bernhard's so called Bilderberg group.”<sup>29</sup>

If this attempt to follow the tracks of one man, Robert Gayre, which has led us from Scotland, to the New Right in France, to the WACL of Roger Pearson and the intrigues of the Dutch and Italian Royal Houses and then back to Sicily and finally to Georgia, has any value it is to show empirically the interconnections between the real groups that comprise “the Black International” or at least the openly racist, section of it.

If the tour has been somewhat dizzying it is because the “Black International” is itself highly sophisticated. If we can only react emotionally to only the most blatant acts of terror of the foot soldiers of this apparatus, then we will miss forever getting an overall conception of the nature of the beast. We will have been deceived in exactly the way a magician deceives his audience - by misdirection.

Once we see through the curtains and break the spell we will see the same apparatus of power that remained intact after World War II despite the defeat of Hitler. That apparatus is totally dependent on its ability to function in a hidden manner. Nothing can be so devastating to it as the clear exposure of its ways to the middle- and working-class populations of the United States and Europe.

## Footnotes

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<sup>1</sup> Hitchens, Christopher. "Eurofascism - The Wave of the Past," *The Nation*, November 29, 1980.

<sup>2</sup> See *Public Eye*, II (1979).

<sup>3</sup> As I shall document Pearson's direct ties with Gayre are visible in the late 1950's. However it is possible that the two men might well have first come into contact with each other in India in the 1950's. Pearson (who in George Thayer's book on the far right, *The Farther Shore of Politics*, is described as a "tea plantation" owner in Ceylon, may have well met Gayre when Gayre was heading up the "Department of Anthro-geography, University of Saugor, India, 1954-56" (British Who's Who 1978.) In a biographical profile of Pearson which can be found in the back of the publication *South Africa - The Vital Link* (Council on American Affairs, 1976) it is stated that: "Roger Pearson is Executive Director of the Council on American Affairs. Born in England, he obtained his B. Sc. (Honors), M. Sc. and Ph.D. from the University of London. Following commissioned service with the British Indian Army at the close of World War II, he spent some 16 years in the Far East and Africa as a Company Director becoming Chairman of the Pakistan Tea Association in 1954. Retiring from commerce, he accepted a University appointment in 1968." Pearson's history might lead one to wonder if his role in commerce had some relation to employment by some intelligence agency.

<sup>4</sup> This is from a hostile profile of Carto which appeared as the cover story of a 1971 issue of *The National Review*.

<sup>5</sup> Carto's emphasis on race and not ideology is also reflected in the strange history of the "guru" of Carto and to some degree of Pearson, the notorious Francis Parker Yockey, author of the post-war substitute for *Mein Kampf* called *Imperium*. Before his death in prison in the early 1960's Yockey had proclaimed that Russia was the country that had done the most to eradicate the hold of Jewish finance capital on it! Yockey (according to Kurt Tauber's invaluable work on the German post war right entitled *Beyond Eagle and Swastika*) is said to have taken a "pro-Soviet" stance in the late 40's when he was allied with the violently anti-American wing of a key collection of ex Nazi military men entitled the "Bruderschaft" and one of its leaders named Franke-Gricksch. (Vol. 2, p. 1120, note 207. Yockey's name is incorrectly given as Frederich.)

Yockey was linked to an organization called the European Liberation Front (ELF) which was

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an early group of fascist intellectuals. The editor of the ELF's magazine was Peter J. Huxley-Blythe who later became a leader of Roger Pearson's Northern League for Pan-Nordic Friendship. (Tauber, vol. 2, p. 1105, note 142.) For more on Yockey see especially the Willis Carto introduction to *Imperium* and National Review profile of Carto. It is also worth pointing out that Yockey was alleged to have traveled to both the East Bloc and the Soviet Union itself in the 1950's. In his introduction to *Imperium* Carto feels compelled to try and mute any criticism of Yockey's "pro-Russian" past.

<sup>6</sup> For example in 1974 Geoffrey Stewart-Smith, the head of British WACL, denounced the presence of fascist groups in WACL and named WACL groups in South America and Europe as being controlled by neo-Nazi and anti-Semitic groups. Stewart-Smith singled out an organization called the World Union of National Socialists (W.U.N.S.) as being especially strong in Chile and Argentina where it was allowed to grow. The W.U.N.S. representative in Europe is the British Nazi, Colin Jordan. (See Frederic Laurent, *L'Orchestre Noir*. Stock, Paris, 1978.) Colin Jordan was a protégé of Peter J. Huxley-Blythe who was close to both Pearson and Yockey. (Tauber, vol. 2, pp. 1105-1106, note 142 and p. 1120, note 207.)

<sup>7</sup> Sheehan's article is reprinted in the book *Sociobiology Examined*, which was edited by Ashley Montague (Oxford University Press). The May 28, 1978 *Washington Post* reported on the "Nouvelle Ecole" attendance at WACL's Washington, D.C. conference.

<sup>8</sup> In a profile on the French intelligentsia in a 1980 issue of *The New Yorker*.

<sup>9</sup> Cited in an article entitled "Anti-Semitism and the French Right" by Jean Bloch-Michel, which appeared in the Summer 1980 issue of *Dissent* magazine. Bloch-Michel reports that in France after the 1968 student riots "a handful of militants from a neo-Nazi organization called Europe Action decided to modernize their activities and to take on a new field of operations. To this end, in 1969 they founded GRECE (Research and Study Group for European Civilization), supplied it with one bulletin for members, "Elements," and one lavishly produced magazine for general distribution, *Nouvelle Ecole*, of which Alain de Benoit, who was one of those who had moved over from Europe Action, became editor."

<sup>10</sup> Tauber, *Beyond Eagle and Swastika*, v. 2, pp. 1105-6 and v. 1, pp. 234-5.

<sup>11</sup> Kuttner is also on the board of *Nouvelle Ecole* as mentioned earlier. In her article on the French intelligentsia Jane Kramer labels the *Nouvelle Ecole* crowd (many of whom now write for "Le Figaro Weekly" which is edited by Louis Pauwels) "the Druids at Le Figaro." De Benoit describes himself as "a Pagan." To get a sense of GRECE's views it is useful to quote Bloch-

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Michel who writes: “one can summarize its thinking thus: GRECE is opposed to the ‘Judeo-Christian’ ideology (and everyone knows what that means); it urges the need for a return to Celtic and ‘Indo-European’ sources. (Louis Pauwels hammers on this constantly). The term ‘Aryan’ is generally eschewed for reasons that need not be stressed. What the people who believe in the GRECE doctrine expound and defend is a ‘scientific’ racism, not to be confused with Hitler’s ‘romantic’ racism.” In this context it is also worth noting that Roger Pearson also publishes his own “scientific” *Journal of Indo-European Studies* out of the same address as *The Mankind Quarterly*, 1716 New Hampshire Avenue, Washington, D.C. 20009.

<sup>12</sup> The first issue of *Western Destiny* in June 1964 was dedicated to promoting the thought of Francis Parker Yockey. The first issue also had an ad for the mysterious International Association for the Advancement of Ethnology and Eugenics of which Robert Gayre is a member of its Council. The content of *Western Destiny* can be gleaned by the subject of its articles. True to form in October 1964 the magazine endorsed Black Nationalism and praised Marcus Garvey. In March 1965 we are told that Churchill’s death was caused by a fatal stroke after he learned that his daughter was to marry an American Negro. Other articles praised Ezra Pound and the German conductor Furtwangler while denouncing Schoenberg. Pearson initially did not edit *Western Destiny* when it was coming out of Carto’s turf, the West Coast. In October 1965 Pearson did become the editor and this continued until March 1966 when Pearson said he was leaving America. The last issue of *Western Destiny* (in April 1966) had a large picture of Yockey wearing handcuffs after his final arrest in the early 60’s on false passport charges. Yockey mysteriously died in jail while awaiting trial on those charges.

<sup>13</sup> Tauber, *Beyond Eagle and Swastika*.

<sup>14</sup> In this regard see especially the three-part series on the Dutch Nazi, Pieter Menten, by Reuben Ainsztein in the *New Statesman*, especially Part Three (February 27, 1981). Ainsztein documents the widespread sympathy and collaboration of the Dutch elite with the Nazis and Bernhard’s role.

<sup>15</sup> In 1980 the British magazine *Private Eye* revealed that “Several prominent, members of the powerful Afrikaner secret society the Broederbond have contributed funds to the controlling body of the World Wildlife Fund. Their contributions to the secret ‘1001 Club’ almost certainly stem from the deep involvement in WWF affairs of fellow Broederbonder Dr. Anton Rupert, the Rothmans tobacco baron, whose influence on the conservation charity is far greater than realized.” Another contributor to the charity is Tibor Rosenbaum who is described in “Private Eye”

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as “erstwhile banker to the Mob as head of the crashed International Credit Bank in Geneva.” Rosenbaum was a very close personal friend of Prince Bernhard. According to the book *Queen Juliana* by William Hoffman, Bernhard was also close to Robert Vesco. Hoffman also states that the World Wildlife Fund charity “served various Western nations as an intelligence gathering apparatus in Africa.”

<sup>16</sup> Much at times to Bernhard's own dismay. (See Hoffman, *Queen Juliana*.) Louis Pauwels was an ex-Gurdjieff disciple and in his anthology *Monsieur Gurdjieff* Pauwels tries to argue that Gurdjieff and Stalin and Hitler were involved in an occult conspiracy and that Gurdjieff was with Professor Karl Haushofer in Tibet in the early 1900s! (See James Webb's *The Harmonious Circle*. New York, 1980 on Gurdjieff where he mentions Pauwels.) Pauwels was also the co-author of the extremely odd underground “classic” *Morning of the Magicians*. A great deal of Pauwels activity in concocting various themes involves a playback capability into the Soviet Union.

<sup>17</sup> Gedda, who in the Laurent book is described as “a man of the Vatican and of the CIA” was appointed by Pope Pius XII to head up the “Action Committees” to prevent an Italian Communist Party takeover of Italy in the late 1940's. Gedda is an expert in heredity and genetics who heads up the Mendel Institute in Rome and whose work has been warmly praised in “The Mankind Quarterly.” Gedda's political astuteness was once again demonstrated when he endorsed “Democrat” Lyndon LaRouche for President of the United States in 1980! La Rouche of course continues to receive support from Willis Carto's Liberty Lobby. As for Interdoc itself in one of its publications it states that in 1957 a meeting of French and German industrialists, academics, journalists and armed forces representatives met in the South of France to discuss the problem of communism and what steps to take. In 1958 “Dutch, British, Italian, Belgian and Swiss groups” joined them and in 1963 Interdoc was formed as a clearing house on East-West information. It is worth noting that Interdoc has been involved in promoting the thought of Nicholas Berdiaev, a right wing mystic philosopher whose most famous book is entitled *The New Middle Ages*. (For the influence of Berdiaev in the Russian “New Right” see John Dunlop's *The New Russian Revolutionaries* and Alexander Yanov's important *The Russian New Right*.)

<sup>18</sup> This is based on copies of internal WACL documents in the author's possession.

<sup>19</sup> In *Italy in Transition* Gayre also discusses what he sees as divisions in British freemasons between the “Scottish” and Continental wings of freemasonry. In the midst of a long discussion on Sicilian separatism (pp. 149-151) Gayre notes: “In all this the freemasons of the British kind

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[within the Occupation forces] who are represented by the Scottish Rite so far as I can tell, lean steadily towards separatism whilst those of the Continental type are prone to socialism.” And on page 204 he states: “I have noticed that the freemasons are particularly keen upon separatism-- it seems that the members of the Scottish Rite out here are particularly predisposed in this direction.”

<sup>20</sup> The current head of the House, Prince Victor Emmanuel of Savoy is one of Europe’s leading weapons dealers. See “Princes and Playboys” by Taki Theodoracopulos in the February 27, 1979 issue of *Esquire*.

<sup>21</sup> The Savoy coup attempt was coordinated through a deputy in the regional parliament of Sicily named Gianfranco Alliata who was a member of the Monarchist Party. The importance of Sicily continues to be felt in our time (ie. the recent scandals involving Michele Papa, the head of the Sicilian separatist movement, Billy Carter and Colonel Qaddafi and the alleged secret trip by Michele Sindona to Europe in 1979 which Sindona is now claiming was arranged with the aid of U.S. intelligence agencies to have Sindona intervene in the situation in Sicily.)

<sup>22</sup> The best English language description of the composition of Permidex/Centro Mondiale Commerciale is in Paris Flammonde's book *The Kennedy Conspiracy*.

<sup>23</sup> According to Gayre's book on the House of Savoy there is only one higher honor one can receive from the House and that is the Order of Annunciation which is restricted to only 20 Italian members. Prince Gutierrez de Spadafora, it should be noted, has long been suspected of being one of the most important backers of Sicilian separatism.

<sup>24</sup> Allen Dulles received the Order of St. Lazarus in 1946, before he became CIA Director. In the June 1962 issue of “The Green Cross” the “Official Organ of the Military and Hospitaller Order of Saint Lazarus of Jerusalem” its editor (and publisher) Robert Gayre writes: “The fate of the Order of SS. Maurice and Lazarus cannot be indifferent to our Order, for the original Order of St. Lazarus split into a northern and a southern half and the latter came to be amalgamated with St. Maurice, under the protection and grand mastership of the Dukes of Savoy. It is, therefore, the sister Order of St. Lazarus of Jerusalem, and the Order to which we have the nearest relationship in all aspects of our history and mission. ... just as

St. Lazarus is an international, semi-independent Order under the High Protection of the Kings of France and their Dynastic Successors, and not a State Order, so the Order of SS Maurice and Lazarus has a similar relationship to the Dukes of Savoy.”

<sup>25</sup> He is of course a member of the Hamilton family which is one of Scotland's leading families

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(it. was to the Duke of Hamilton's estate that Rudolf Hess tried to fly to his famous mission,) His widow, Lady Malcolm Douglas-Hamilton is currently a member of the American Security Council's Committee for Peace Through Strength and is the President and General Secretary of The Committee to Unite America.

<sup>26</sup> See for example the May 10, 1963 issue of "Weekly Review" where the mysterious force is given its code name P:P R.D.T.W. : S.W.I.H.P. See the June 28, 1963 "Weekly Review" for an attack on the Rothschilds. According to the magazine "Lord Rothschild is pro-Socialist while Alain's key man Pompidou dominates De Gaulle's government." The Rothschilds are strongly implied to be also behind the Pontecorvo affair, the defection to the USSR of an Italian physicist. Note the resemblance between the ideology of the British group and that of USLP and the Liberty Lobby.

<sup>27</sup> This led in 1950 to the editor of *Weekly Review* and *Intelligence Digest* Kenneth De Courcy becoming an honorary citizen of New Orleans. One American member of the "Weekly Review" was Robert Morris, the Special Council to the Senate Internal Security Sub-Committee in the 1950's who went on to become head of Dallas University. Admiral Charles Freeman, a notorious anti-Semite, was a member of the American board of *Intelligence Digest*.

The presence of other American freemasons on the board of "Intelligence Digest" (such as John P. Richmond and Nathaniel Leverone) leads me to believe that the Douglas-Hamilton group was trying to work with a faction inside international freemasonry. It is worth remembering that large portions of the United States military had connections to freemasonry. General Douglas Mac Arthur for example was the Grand Master of Scottish Freemasonry in the Orient after World War II. General Lyman Lemnitzer (a member, along with Roger Pearson, of the ASC's American Foreign Policy Institute) was also a 33° Scottish Freemason.

<sup>28</sup> Gayre also has a similar honor from the State Militia of Alabama.

<sup>29</sup> Hougan, Jim. *Spooks*. New York, 1978, p. 41. It should be remembered that until the Trilateral Commission came along many in the ultra-right saw the Bilderberg group as somehow evil incarnate. Yet in reality the Bilderberg group may be seen more as an amalgamation of different tendencies both of the extreme cold war type and more pro-detente elements. It is argued in the Soviet magazine *New Times* (February 1980, No. 6) that the Trilateral Commission was itself a "pro-detente" split off from the Bilderberg crew and that the Lockheed scandal was part of this attack on the Bilderberg right wing represented by Bernhard. The same kind of phenomena might be seen in America via the "Eastern establishment" Watergate of Nixon. See A.

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Andreyev's "Invisible Centers of Real Power" which is a review and comment on Luis Gonzales-Mata's *Les Vrais Maitres du Monde*.

## ON DEANE HINTON, REAGAN'S NOMINEE FOR AMBASSADOR TO EL SALVADOR

By Jerry Meldon, April 1981

A career foreign service officer who graduated from Tufts' Fletcher School of Law and Diplomacy in 1952, Deane Hinton has long been identified with that group of US diplomats whose role it is to protect US business overseas, the copper industry in particular. Prior to his first embassy leadership role, he was a major figure in the Agency for International Development (AID), whose Office of Public Safety is now recognized to have been a front for CIA collaboration with the police apparatuses of US client dictators. The major Central American hotspot of the sixties was Guatemala, one of whose exports is copper. In the peak period of the civil war that has bloodied Guatemala since the United Fruit/CIA coup of 1954, Hinton was the local AID director from 1967 to 1969. (US ambassador Mein was assassinated in 1968, escalating the reign of terror waged by the military government and its paramilitary death squads trained by the Green Berets and European neo-fascist mercenaries). In a 1971 staff memorandum prepared for the Senate Foreign Relations Subcommittee on Western Hemisphere Affairs, the US police training program in Guatemala was described as a failure that had resulted in the US becoming "politically identified with police terrorism."

Having proven his worth in Guatemala, Hinton was moved in 1969 to Chile, where he remained the AID chief until 1971. Part of his role there, of course, was to regularly monitor the actions of the Allende government and the Chilean Copper Corporation, and to pass on such information to Anaconda, Kennecott and other US copper companies fearful of the eventual nationalization of their vast holdings. In 1971 Hinton was named Deputy Director of the National Security Council's Subcommittee on International Economic Policy, whose mission it was to recommend policy towards countries which expropriated the holdings of US corporations.

It is interesting to note the parallels between the careers of Hinton and Nathaniel Davis, another Fletcher graduate who became the ambassador to Guatemala in the wake of Mein's 1968 assassination. Davis, who gained a reputation for stuffing the pockets of grateful Guatemalan generals during the reign of terror, followed Hinton to Chile, where he became the US ambassador in 1971 and remained so until one month after the CIA-sponsored coup of

September 1973.

In the summer of 1974 Hinton became the US ambassador to Zaire, another of the world's major copper producers. Shortly thereafter, at the start of 1975, Kissinger also named Nathaniel Davis Assistant Secretary of State for African Affairs. Davis replaced Donald Easum, whose removal from office followed shortly after his statement on Zambian TV that US support for “continued South African participation in the UN is continuously under review. It is not concrete and forever.” Easum had been widely respected throughout black Africa and hailed by Zaire's dictator Mobutu - no enemy of the US - as a “great diplomat” with “accurate knowledge of decolonization and apartheid problems.” By contrast Davis came to Africa with no background in the region's affairs and the ominous reputation he'd gained in Latin America.

Before long the CIA had the United States supporting South Africa's client army in Angola's civil war, with neighboring Zaire serving as a base for CIA operations. In a surprise move, Davis resigned his State Department post, apparently uneager to have one more Chile under his belt. Hinton, for his part, found himself expelled from Zaire in the aftermath of an alleged CIA coup attempt against Mobutu.

Davis briefly assumed the ambassadorship to Switzerland, which evoked the vehement protests of the Swiss and Italian lefts. Any suspicions of foul play were, if anything, magnified by the simultaneous opening in Geneva of the European headquarters of Chile's notorious secret police, DINA. Davis soon found himself relegated to the foreign service burial ground at the Naval War College in Newport, Rhode Island.

Hinton, meanwhile, has avoided the limelight since 1975, first as US emissary to the Common Market, and more recently as the Assistant Secretary of State for Business and Economic Affairs. He's ripe for action, and that, no doubt, awaits him in El Salvador.

## **PARAPOLITICS/USA**

This special issue was a long time in coming, primarily because of the deluge of material to process, but it was worth the wait. A special introductory section provides comprehensive coverage of the new Reagan scandals; new material on Nugan Hand, Propaganda Due, and especially on the role of the CIA and terrorists in the drug traffic are presented here. Thanks again to those who sent tips and clips, and to Kevin Coogan for another fine article, the second in a prospective trilogy.

Future issues of this newsletter will be considerably shortened-- more on the order of P/l--in order to make its contents timelier and to give me greater freedom to concentrate on the more important stories. This will affect primarily the news summary section.

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### **Special articles:**

- Kevin Coogan, "The Friends of Michele Sindona"
- Dan Fiduccia, "The Purpose of P2"

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## News Summaries

### A. Reagan administration scandals

All presidential administrations since Prohibition have had significant ties to organized crime, with the Truman and Nixon administrations perhaps being the most blatant and notorious examples. Already, however, the Reagan administration is challenging its predecessors for first place. As reported in past issues of PP/USA, Reagan's entourage includes such mob-connected figures as Jackie Presser, Roy Williams, Ray Donovan, Michael McLaney, Paul Laxalt, and Frank Sinatra. Now new scandals have implicated William Casey, DCI; Max Hugel, former DDO; William McCann, Reagan's now withdrawn ambassador to Ireland; and potentially, Reagan's ambassador to Italy, Maxwell Rabb. Some sources suggest that Reagan's nominee as INS Commissioner, Norman Braman, may equally taint the administration.

Let's start with the simplest case first, that of Norman Braman, a rags-to-riches auto dealer whose business in Florida grosses about \$100 million a year. He was Sen. Paula Hawkins' choice to head INS, following her rejection of several Latin possibilities on grounds that they could not deal fairly with the influx of Cubans to this country. Besides being a major GOP contributor, he is vice president of the Greater Miami Jewish Federation, a supporter of the terrorist Jewish Defense League, and an outspoken Zionist who has not hesitated to take issue with Reagan's Mideast policy when he thought it necessary. (MH 6-15-81) Braman is a defendant in a \$1 billion bankruptcy suit by trustees of the failed Westgate-California conglomerate of C. Arnholt Smith, the notorious Nixon-connected financier whose ties to the mob were documented by numerous investigative reporters back in the early 1970s. Braman is also mentioned, but not as a defendant, in a suit by the SEC against Westgate that notes Braman's role in "manufacturing" more than \$9.5 million in phony assets for Westgate. Documents also show that in 1972 Smith's bank, US National, granted Braman and then Representative Bob Wilson two unsecured loans totaling \$210,000, allowing them to jointly acquire a Cadillac dealership in Tampa, Florida. (*San Diego Union*, 6-17-81) (Recall Bob Wilson's strange meeting with Michael Hand and Bernie Houghton in Australia in 1980, on which see *Inquiry*, Nov. 24, 1980.) Meanwhile, law enforcement sources in Miami are spreading the word that Braman's car dealerships front for bigger and nastier things; that Braman is, in fact, another Richard Fincher. On Fincher's curious career, see John Cummings' article on WFC Corporation (reprinted here from *Inquiry*) and Hank Messick, *Of Grass and Snow*. Braman is also listed as a \$1,000 contributor to Miami mayoral candidate Armando Lacasa who, as noted previously in PP/USA, is under investigation for drug trafficking. His rival Manuel Reboso, as also previously noted, had ties to WFC Corp., the gigantic drug trafficking combine based in Florida. Ironically, another top Lacasa contributor, Nicholas Morley, formerly employed Reboso at his Interterra development project. (MH 7-8-81; 1-10-79)

Now we move from Miami to the equally shady world of Long Island politics, from which William Casey emerged. Casey was a natural choice as DCI; his long experience in the intelligence community includes as top job in the European theater of OSS, president of the CIA-linked International Rescue Committee, and president of Veterans of OSS. (See background on Casey in Jonathan Marshall, "Thai Airport Deal," *Pacific Research*, Nov-Dec.

1974). Equally important, Reagan considered Casey politically reliable, for his long years of service to the GOP in Long Island and his management of the Reagan campaign. Casey, of course, was previously embroiled in scandal in the Nixon years when he headed the SEC and then the Export-Import Bank, in particular for his role in the ITT and Vesco cases. The prosecutor in the Mitchell-Stans case thought that Casey had committed perjury in giving testimony there that contradicted his previous sworn testimony before the grand jury, but nothing came of it (and Casey was never asked about this at his 1981 confirmation hearing). Casey's shady dealings with Multiponics and other companies, and his settlement of a plagiarism suit, were also known years ago (see Tom Zeman, "The Watergate Net: One Who Got Away," *Ramparts*, June 1974). The only real question is why the press took so long to surface these scandals the second time around; the alleged pretext was a recent court decision against Casey in the Multiponics case.

Although the Senate Intelligence Committee, backing down under threats from the Reagan administration to appoint someone worse as DCI if Casey resigned, gave Casey a clean bill of health, his actual record leaves much to be desired. Essentially, it appears that Casey repeatedly condoned the issuance of fraudulent and misleading stock prospectuses in companies to which he had loaned money whose repayment depended on the successful issuance of stock. The Multiponics case was only one of several such incidents; in the Advancement Devices stock fraud case Casey had employed one Charles Thornton, a man already barred by the SEC from selling securities because of his record of stock manipulation. In his nomination hearings last January, Casey failed to report numerous stock holdings (totaling at least a quarter of a million dollars), which could be a violation of the Ethics in Government Act if he withheld the information knowingly. Nor did he reveal that he was then a defendant in two related lawsuits stemming from the sale of a mutual fund, Fund of America, for which he was a director in 1969-71. This was an IOS fund sold in 1969 to Equity Funding Corp. of America, the insurance company that later collapsed in one of the greatest scandals in financial history. (Casey was appointed a director by Equity Funding). (NYT 7-22-81; 7-25-81)

It now appears further that Casey has enjoyed at least marginal ties to the mob. For example, his friend and fellow Multiponics director Carl Biehl is said to be identified in Justice Department records as an associate of mob figures in New Orleans, Galveston, and other ports where his family's stevedoring company operates. Biehl was investigated back in the early 1970s, and agreed to supply information to prosecutors in return for their promise that he would not be tried. (*Morning News* (Wilmington), 7-22-81) In another case, Casey joined the law firm Rogers & Wells after leaving government service. (The firm's name partners are William Rogers, former secretary of state who represented the Pahlavi Foundation; and John Wells, who was a business partner of the notorious Argentine financier David Graiver. This firm is alleged to have represented Caesar's World, the Lansky-linked casino and hotel outfit). At Rogers & Wells, Casey represented the waste management firm SCA Services before the SEC and helped devise a public relations program to improve the firm's tainted image. The offenses charged by the SEC included false disclosure, "bribes to obtain contracts and to obtain permission to use property owned by SCA for landfill," and the diversion of \$4 million to the use of its president Christopher Recklitis. This diversion was aided by Anthony Bentro, who was later sentenced with Teamster-mob heavyweight Anthony Provenzano for conspiring to split a \$230,000 kickback on a Teamster pension fund loan. (WSJ 7-22-81) SCA Services has been much in the news, following Congressional hearings

into its connections with the mob. Witnesses alleged that SCA's president Thomas Viola was a longtime associate of mobsters, as were other managerial employees of the firm, and that some SCA employees had been slain gangland style in the midst of mob wars for control of the waste business. As a result of this bad publicity, SCA recently fired Viola and replaced him with Henry Russell, vice chairman of Boston Corp. (NYT 5-29-81; WSJ 6-23-81)

Casey has also suffered for his astonishing appointment of campaign crony Max Hugel as Deputy Director of Operations at CIA, the first time in memory that a man with no intelligence experience had taken such a sensitive post. Hugel, of course, had no real constituency and fell quickly after revelations that he was apparently guilty of fraud in stock transactions involving Brother International Corp., a defunct electronics firm that he headed in the mid-1970s. Apparently the CIA's security service did no better in investigating Hugel's background than it did on Casey; it was thus left for some of Hugel's disgruntled business partners, the McNell brothers, to leak an incriminating tape recording to the Washington Post. "The McNell tapes portray Hugel as a combative and volatile person, given to profanities and angry expressions. At one point, when the business relationship was souring, Hugel expressed his rage at the McNell's Wall Street lawyer, 'I'll kill the bastard,' he said." (MH 7-14-81) The McNell brothers, proprietors of Triad Energy Corp. (incorporated in Feb. 1980 to engage in oil and gas exploration) have since disappeared, apparently taking with them most of the bank account of the corporation. And there has since been speculation (probably without basis, according to my medical sources) that the recently deceased Dennis McNell was a victim of foul play. (NYT 7-21-81; 7-23-81; 7-30-81) As if this were not enough, CIA "security personnel failed to discover that the firm where Hugel was employed as executive vice president, Centronics, had a consultancy relationship in the late 1960s with reputed Cleveland organized crime figure Moe B. Dalitz and his Las Vegas casino properties. . . . In addition, Centronics was partly owned by Caesar's World, a casino firm [represented by Rogers & Wells], until 1974 when Hugel arranged for his former firm, Brother, to buy up 200,000 shares of the Caesar's World holdings in the company. Caesar's has been the object of lengthy federal investigations relating to alleged connections between its executives and organized crime figures." (WP 7-28-81)

Casey was also said to be responsible for the nomination of William McCann to be ambassador to Ireland (reports conflict on whether McCann also had a close relationship to Ray Donovan). Reagan has since withdrawn the nomination and has given the post instead to Peter Murphy, a prominent Oregon Republican. (MH 8-8-81) McCann was president of Foundation Life Insurance Co., which essentially employed convicted swindler Louis Ostrer as its main sales agent, including one controversial sale of insurance to an ironworkers union that has become the subject of a lawsuit because of the huge fees and commissions involved. Ostrer, convicted in 1980 of tax evasion (see "America's Biggest Tax Cheat: He Owes IRS \$6.8 Million," *National Enquirer*, 4-14-81), previously embezzled from a Teamster pension fund and was convicted in 1973 with New York mobster John Dioguardi for stock fraud. Ostrer is an associate of Anthony Corallo, Anthony DiLorenzo (on whom see PPUSA/2), Nicholas Forlano (a Columbo family loan shark), and other mobsters (MH 7-23-81; NYT 7-19-81; *Newark Star-Ledger*, 6-14-81). Ostrer was also indicted this June with Santo Trafficante, Jr. and other mob and Laborers International Union officials in a huge union insurance kickback case stretching from Miami to Chicago. (MH 6-5-81) Joseph Hauser will be testifying in this case, following his New Orleans appearances against Carlos Marcello (resulting in Marcello's conviction). This represents the first federal felony indictment against Trafficante,

long recognized as one of the nation's leading mobsters. In the meantime, McCann's insurance company has come under investigation by New York state authorities for selling insurance without a license to a Teamster local. (WP 7-18-81)

In an unrelated appointment, Reagan named Maxwell M. Rabb, secretary to the Eisenhower cabinet, as ambassador to Italy. Rabb was active as a Reagan campaign fundraiser; otherwise the appointment has attracted no press attention. (NYT 5-29-81) Yet Rabb's curious business connections are worthy of some scrutiny; they suggest a continuing pattern of involvement with figures close to Meyer Lansky. These connections do not prove any criminal acts on Rabb's part, but they are certainly as newsworthy as some of Casey's and Hugel's own connections. In the early 1960s, for example, Maxwell Rabb was a director of Seven Arts Co., a company notorious to those who have studied the penetration of Meyer Lansky into Bahamian gambling. Seven Arts was then controlled by Louis Chesler, a flamboyant Canadian promoter whose business partners (in General Development Co., a Florida real estate firm) included "Trigger Mike" Coppola and civic leader and admitted Lansky associate Max Orovitz. Coppola was an outright mobster; Orovitz was a bit more subtle, having won the hearts of Miamians as a "philanthropist." Orovitz was one of the first members of the Lansky crowd to master the art of laundering "dirty money" (eg. casino skim) through Swiss banks; as early as 1961 he was put under investigation by the FBI for his suspicious receipt of a parcel from the Union Bank of Geneva that contained \$50,000 in cash. Later investigation turned up the fact that Orovitz had used a numbered Swiss account to buy \$250,000 worth of General Development convertible debentures, only to sell them later through the same bank after receiving insider information on the company's bleak prospects. He was found guilty in 1968 of failing to disclose these relationships to the SEC. Now when Meyer Lansky wanted to establish a gambling casino in the Bahamas (having been kicked out of Cuba), he turned to Wallace Groves, developer of Grand Bahama Island, and Lou Chesler, as his front men. Chesler--backed by Maxwell Rabb--put \$5 million from Seven Arts (against the protests of minority stockholders) into the development of the Lucayan Beach Hotel on that island. At the time, gambling was illegal in the Bahamas, so this syndicate had to obtain a "certificate of exemption" from the government, which it did by paying off a politically prominent attorney, Sir Stafford Sands. Lansky himself, meeting in Orovitz's office, helped to design the casino. (More on this later).

In the mid-1960s, Rabb also became chairman of the International Airport Hotels Corp, a chain of hotels that included the Miami International Airport hotel. Stockholders in this company are said to have included Lansky himself, the king of organized crime; his gambling associate and bagman Ben Sigelbaum; and Lansky business partner Jack Cooper, a co-investor with Lansky in the Flagler dog track who was seen with Lansky in 1974. (Cooper was indicted in the early 1960s for an arms deal with Rafael Trujillo Jr.; he later became notorious for venturing with Sigelbaum, fellow Lansky front man Ed Levinson, and Bobby Baker to the Dominican Republic, apparently to survey gambling possibilities. Cooper was also a shareholder with these others in Baker's Serv-U corporation, a vending machine firm.) As we will soon see, the Miami International Airport hotel has once again become embroiled in controversy.

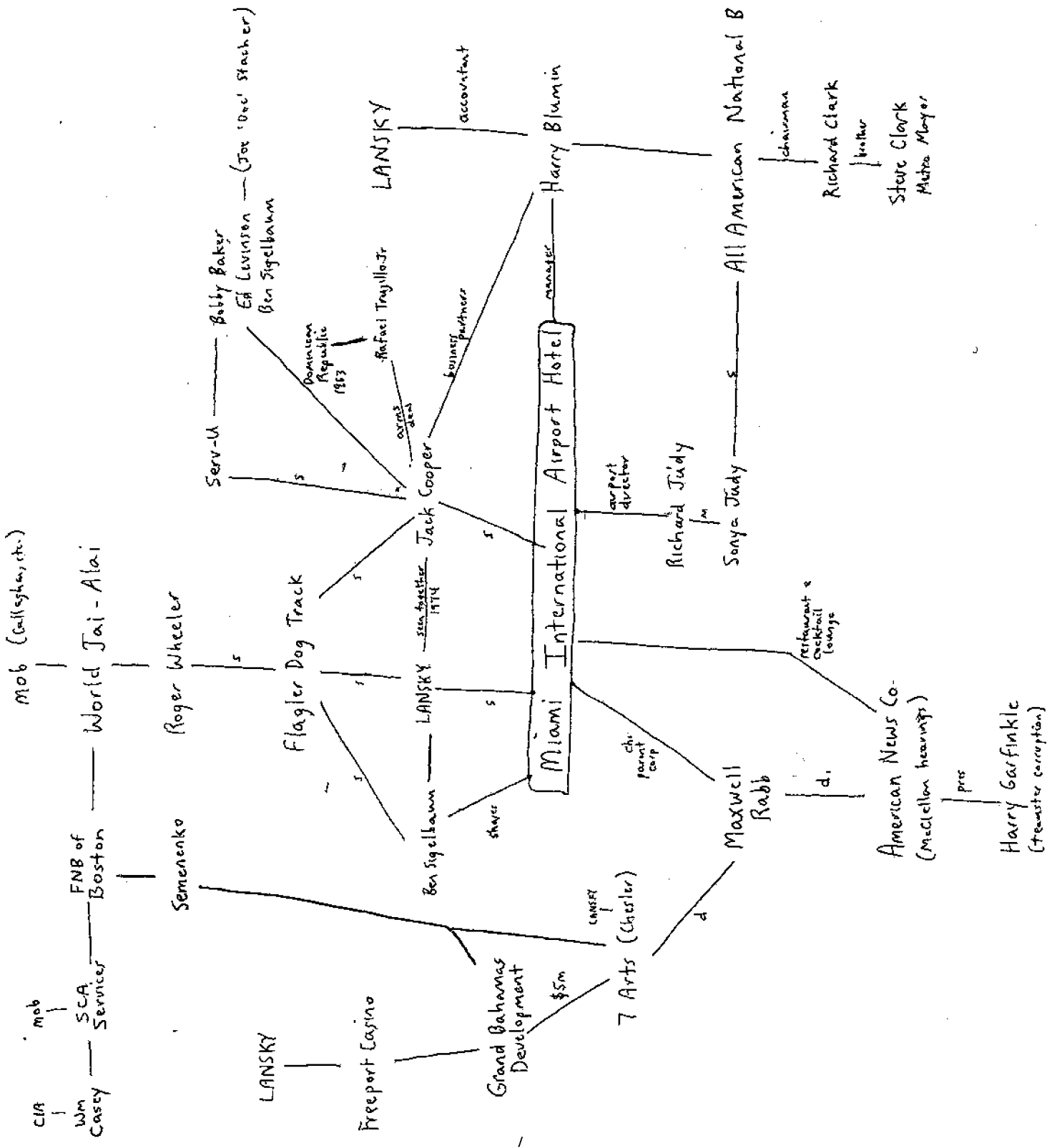
Finally, Rabb was also a director of American News Co., a firm mentioned none too favorably in the McClellan hearings on Teamster corruption (headed by Harry Garfinkle). This firm held

the restaurant and cocktail lounge concession at the Miami International Airport hotel. (Much of this background on Rabb can be found in Ed Reid, *The Grim Reapers*)

The Miami International Airport hotel has surfaced again recently in connection with Meyer Lansky. Miami International Airport Director Richard Judy allegedly wrote bid specification for the airport hotel management contract in such a way as to ensure that the low bidder would be accountant Harry Blumin. Blumin has a history of auditing the businesses of Meyer Lansky, including the Riviera casino in Havana and some of Lansky's Florida motels. Blumin is a business associate of Jack Cooper who, as mentioned above, held stock in the company that used to manage the hotel (which was built in 1959 with a \$2 million Teamster loan). Blumin banks at All American National Bank, whose shareholders include Judy's wife and whose chairman is the brother of Metro mayor Steve Clark. Blumin was reported in 1978 to hold an interest in a California vineyard along with a company controlled by Moe Dalitz. (MH 6-11-81; MH 6-7-81) Judy's other questionable acts include terminating an airport lease for Florida Freight Terminals, and giving its warehouse space over to TAMPA airline, a Colombian line under investigation by Metro narcotics police for drug trafficking. (MH 6-21-81; MH 7-9-81) More recently, a Metro committee that evaluated the two offers to manage the Miami International Airport Hotel has recommended against the low bidder, Harry Blumin, because they doubt his management abilities. (MH 7-10-81)

Cooper's name has surfaced in the news in yet another instance: the murder of Telex chief Roger Wheeler. Wheeler's slaying in Oklahoma attracted significant national publicity. "It looks like a regular, routine underworld wipeout," said William Drakely, chief of license integrity for the Connecticut Division of Special Revenue. "It's incredible it would happen to a man of his stature." (MH 5-29-81) Press scrutiny of Wheeler's associations has focused on his ownership of World Jai Alai, a gambling firm with a troubled history of mob associations. Wheeler, a strict presbyterian who claimed to oppose gambling, considered acquiring the Shenandoah Corp. (operates two W. Va. racetracks), the Landmark hotel-casino in Las Vegas (Summa Corp.), and Bally, the notorious gaming machine firm. Wheeler purchased World Jai Alai only after the failure of Jack Cooper and Bally (separately) to win control of it. (Cooper became a partner of Wheeler in the Flagler dog track, the old Lansky-linked set-up in Florida). Wheeler was steered to this purchase by his financial adviser at First National Bank of Boston (FNBB), David McKown, who in turn was close to FNBB consultant John Callahan, former president of World Jai Alai whom Boston law enforcement officers claim is a close associate of mobsters. According to a Florida report on World Jai Alai, "As part of Mr. Wheeler's financing arrangement to purchase World Jai Alai, . . . the bank had a provision that it could, under certain circumstances, name World Jai Alai's management. Investigators determined that its first choice was John Callahan, the bank's adviser with mobster links." IWSJ 6-1-81)

The Wheeler affair in turn focused attention on the role of FNBB, which has long dabbled in unconventional and highly controversial areas of finance such as gambling. This is the legacy of one Serge Semenenko who founded the bank's special industries division. Thus one of FNBB's clients is SCA Services, the Boston-based waste management firm we encountered above. FNBB helped to establish SCA in 1969 and made the controversial \$1 million loan to its then president, C. Recklitis, on the basis of an unauthorized corporate guarantee (this transaction was the basis for the SEC crackdown on SCA). (NYT 7-24-81)



But Semenenko's role is particularly important to the story of Chesler's and Rabb's Seven Arts. For Semenenko put up much of the money that Chesler ultimately invested in the Lucayan Beach hotel (and casino). The payoff money to Sands came from FNBB accounts. And Semenenko was allegedly in with Lansky in a coup against Chesler designed to remove his taint from the Bahamas casino and thus lower Lansky's profile; Semenenko lent money to dissident Seven Arts stockholders who ousted Chesler from control, and then allowed Wallace Groves to take control of Grand Bahamas Development Co., the firm that developed the hotel. Chesler's directorship then passed to Max Orovitz, in whose office Lansky had designed the casino. In 1967 Semenenko arranged a huge loan that made possible Seven Arts's takeover of Warner Co; the resulting combine eventually merged with Kinney National Services, whose executive vice president was the son of a major syndicate gambler. The firm eventually ended up as Warner Communications, the entertainment conglomerate whose operations have been under federal scrutiny for some years, and several of whose executives have been convicted of conspiracy in connection with the Westchester Premier Theater fraud. (On Semenenko see especially Hank Messick, *The Beauties and the Beasts*).

## **B. Sindona and P2**

News clips in this and the last issue of PPUSA should supply the basic information on the affair; in many ways the English-language media has done a surprisingly good job of covering the scandal (much better than the French, for example). A few tidbits not covered in the clips are worth mentioning.

The best hypothesis I have seen for the origin of the name Propaganda Due for the notorious goes as follows: "propaganda" was a derogatory term employed by Catholic, anti-masonic forces in France who blamed the French revolution on a "masonic conspiracy." In particular, the Abbe Barruel claimed that a masonic "Club of Propaganda," composed of such philosophes as Voltaire, instigated the revolution. P2 was equally revolutionary-- although from the opposite end of the political spectrum; it saw itself as the successor to the first successful masonic coup d'etat.

Licio Gelli's daughter, Maria Grazia Gelli, was recently arrested on arriving in Italy in possession of several dossiers, including one apparently meant for the ex-MSI senator Mario Tedeschi, darling of the neofascists. One of the dossiers was allegedly a CIA document discussing plans for the destabilization of Europe, but no one has confirmed its authenticity. (*Corriere della Sera*, 7-8-81)

The strongest American connection to the P2 scandal comes through Philip Guarino, a former priest charged with the affairs of the elderly from his position on the Republican National Committee. He is also part owner of the District of Columbia National Bank, which apparently did a lot of business with the Franklin National Bank (Sindona's) before it collapsed in 1974. (*Il Mondo*, 6-19-81) (The DC National Bank became notorious as a "political" bank during the investigation of Bobby Baker's wheeling and dealing in 1964). Guarino signed an affidavit in Sindona's defense, as did P2 members Edgardo Sogno and Carmelo Spagnuolo. Guarino wrote Gelli in February 1980 about Sindona: "Oh, how I wish I could see you. Things are getting worse and worse for our friend. Even the Church has

abandoned him. . . . I had hoped to see you so that we could talk because I have so much to tell you.” (*London Observer*, 5-31-81)

Guarino surfaced a few years ago in connection with two American organized committees designed to swing the 1976 Italian election away from the Communists (PCI). In the process, he allegedly hooked up with Gen. Miceli, former head of the Italian secret service and a right-wing sympathizer with the MSI party suspected of active involvement in several coup plots during the 1970s. According to *L'Espresso* from June 6, 1976: “Miceli got involved with the MSI through the two brains of Sindona, Filippo Guarino and Paul Rao. Their stated task was to hold the DC Christian Democratic and the anticommunist front. They were given this duty by Sindona, who was part of the “Citizens Alliance for Mediterranean Freedom,” the anticommunist association founded by ex-US treasury secretary John Connally, who is also a member of the Foreign Intelligence Advisory Board. These organizations are tied to the “American Committee for a Democratic Italy.” Sindona runs this, and one of his suggestions is to use charter flights to bring Italian voters to Italy from America.” Now Sindona was indeed a backer of this latter committee, headed by Rao (*New York*, 7-12-76); he was also said to be active in moving John Connally's funds through his international banking network, according to Sindona's banking associate Carlo Bordonni (*Panorama*, 4-13-81) *L'Espresso* claims that Guarino and Rao contacted Miceli through Mario Imperia, treasurer of Centro Sportivo Italiano and an ex-employee of Flamini Piccoli, who was involved with Luigi Cavallo. Cavallo directed the Sindona-financed press agency Agenzia A for purposes of political blackmail; he was also a longtime provocateur on the left who teamed up with P2 member Egardo Sogno to plot, with Sindona, a rightist coup in Italy. He entered the United States shortly before Sindona reappeared in October 1979; he was arrested for carrying a phony German passport, interrogated, then expelled from the country under mysterious circumstances. Some Italian observers speculate that he authored the phony kidnap letters under Sindona's name.

The Pope recently named a 15-member commission of cardinals to sort out the Vatican's worsening financial crisis. The Catholic Church faces a \$26 million deficit this year and may face bankruptcy in four to five years if reforms are not instituted. The cardinals called for streamlining the bureaucratic structure of the curia and for intensive fundraising from local churches. Much of the problem stems from the losses sustained from the Vatican's disastrous association with Sindona. (MH 7-7-81; 7-16-81)

### **C. Intelligence Agencies**

The CIA's new Deputy Director of Operations, to replace Max Hugel, is John Stein, a career official. Members of the intelligence community are relieved; they ridiculed Hugel as “a man with no people skills, no political skills and absolutely no discretion.” (WSJ 7-15-81) Stein was formerly station chief in Cambodia (1970-1972) and Libya (1972-1974); this latter post could suggest the direction of future CIA operations, as the media (beginning with Newsweek) has already suggested. Stein's predecessors were: John McMann (1977-1980); William Wells (1976-1977); William E. Nelson (1973-1976); William Colby (1973); Thomas Karamessines (1967-1973); Desmond Fitzgerald (1965-1967); Richard Helms (1962-1965~; Richard Bissell (1958-62); Frank Wisner (1952-1958). (NYT 7-15-81)

The Reagan administration has disbanded the Intelligence Oversight Board established by President Carter in 1977 to review the legality of CIA operations. Reagan instead favors a

Foreign Intelligence Advisory Board to review the quality, not legality, of such operations. (*Newsweek*, June 29, 1981) DCI William Casey plans to engage the CIA much more deeply in covert operations than in recent years, and to this end has clamped down on public access to the Agency through press briefings, FOIA, and other means. (MH 7-19-81)

President Reagan has rejected an ACLU request for a presidential directive ruling out “the secret and warrantless searches of people's homes in the name of national security.” (WP 5-15-81) Meanwhile, the US Foreign Intelligence Surveillance Court, acting at the request of the administration, has decided to abandon issuing secret warrants for black bag jobs in foreign intelligence cases. “Justice Department officials welcomed the ruling and said they would return to the practice of claiming 'inherent authority' within the executive branch to conduct secret entries in national security cases, without court approval.” (WP 6-24-81) And the FBI, which once described a 330,000-page file as consisting of “break-in documents,” now claims that it has “no file for black bag jobs, domestic security break-ins, surreptitious entries, or whatever you want to call them.” Historian Athan Theoharis, who was originally told otherwise and charged \$10,690 for access to break-in documents under the FOIA, will sue. (WP 5-30-81)

“America's Bird of Prey,” on CIA in the Middle East (*8 Days*, 6-27-81) cites evidence that “the Phalangists' tactics in and around Zahle (Lebanon), which sparked off the latest Lebanon crisis, were originally inspired by a CIA plan which was vetoed by the US State Department itself.” Also discusses role of a CIA-linked adviser to Sadat, Hassan al Touhami, in arranging the historic detente between Sadat and Begin (which, as the CIA intended, froze Syria out of the peace process entirely.)

The newest CIA forecasts for Soviet oil production in the 1980s, a significant revision upward from previous estimates, may still be “unduly pessimistic” according to a Library of Congress study. It contrasts the CIA's position that the Soviets will become net importers by 1985, with a production of only 8-10 million barrels a day, with a forecast of the Economic Commission for Europe that estimates Soviet output through the 1980s as high as 14 million barrels. (*San Francisco Chronicle*, 6-15-81)

The American Investment Council, a survivalist-gold bug outfit, has published “Future Forecasts: 1981-1983,” predicting an economic collapse (and telling you how to profit from it). Its final prediction: “sometime within the next 10 months, it will be announced that a Soviet spy ring has been operating at the highest level of the US government. The traitors will include the long-rumored 'mole' in the CIA (who will turn out to have been a key aide to former Director William Colby) . . . at least one member of the Carter White House . . . and others in the Departments of Justice, Defense, and State. The first break in this case came from a high-level defector within the Romanian Embassy (through which the KGB has been operating) and is now fast unraveling. This will be the biggest government scandal in the past quarter century.”

Arnaud de Borchgrave says that when he first took over at *Newsweek* he learned from his predecessor as foreign editor (Harry Kern?) that three *Newsweek* stringers were undercover CIA agents. He says he had them dismissed. (*Real Paper*, 6-18-81)

Henry Rowen, former president of Rand Corp. and a professor at Stanford University's business school, has been appointed head of the National Intelligence Council at CIA. Rowen in the past has been a vocal critic of what he thinks were overly optimistic CIA estimates of Soviet military strength. (NYT 7-8-81)

“Another plunge down the CIA rabbit hole,” a jaded look at the TRW-Christopher Boyce-Paisley-Shadrin affairs (*Baltimore Sun*, 7-5-81)

Madeleine Kalb, “The CIA and Lumumba,” *New York Times Magazine*, August 2, 1981. A rehash of the Church committee assassinations report, with no mention of QJ/WIN or WR/ROGUE.

Count Alexandre de Marenches, who rebuilt the crumbling French intelligence agency SDECE after his appointment as spy chief in 1970 by Georges Pompidou, has resigned (*Sunday Times* (London) 5-31-81). His successor is aerospace executive Pierre Marion. (Associated Press, 6-21-81)

#### **D. The Terpil/Wilson Affair and Nugan Hand**

Seymour Hersh, in his two-part article on “The Qaddafi Connection” in the *New York Times Magazine*, June 14 and 21, 1981, recounts the tale of Wilson/Terpil-confidant Kevin Mulcahy, who approached the CIA and FBI in the fall of 1976 to air his misgivings about their business dealings with Libya, only to see the investigation impeded and delayed for at least two years. The most intriguing information in the article concerns the mysterious role of Ted Shackley, a top CIA official and former colleague of Wilson's from Bay of Pigs days (Shackley was brought in to head JM/WAVE in the aftermath of the invasion). It was Shackley who led Mulcahy and others to believe that Wilson's business had CIA approval. Hersh makes no specific charges but implies that Shackley may have been a key figure behind the whole operation (perhaps as a rogue elephant). Shackley's name and Wilson's have together emerged in connection with the Nugan Hand case, on which see PPUSA/1 and clips in this issue. For a summary of the Hersh article, see the *Time* magazine summary also included here.

Joe Halpain, president of Scientific Communications, Inc., a supplier of electronic equipment to the Navy and CIA, explains how he was duped into supplying timing devices to Wilson and Terpil for use by Libya. Halpain was convinced to go ahead by a high CIA official, Thomas Cline. (*Dallas Morning News*, 6-21-81)

According to a secret US government report, Frank Terpil set up a number of “safe houses” in Britain that were used as an underground railroad for hiding wealthy organized crime figures along with terrorists. It is also claimed, by Terpil's former associate Kevin Mulcahy, that Terpil and Wilson were on good terms with intelligence officers in MI6 headquarters. (*London Observer*, 6-28-81)

“The Libyan Connection: Web of Intrigue,” an examination of the Zagallai murder attempt, allegedly committed by Eugene Tafoya, and of Tafoya's ties to Ed Wilson. (*Boston Globe*, 5-31-81). Tafoya has been linked to Wilson through his telephone diary, which includes numerous references to Wilson, as well as to his former CIA associates and Wilson's

girlfriend. It also contains Wilson's number in Libya and those of his associates there. Finally, toll records show that Tafoya called Wilson's personal and business numbers (NYT 7-17-81)

Frank Terpil and George Korkala, first convicted (in absentia) for negotiating the sale to undercover agents of 10,000 machine guns, 10 million bullets, and other weapons, were caught thanks to a federal investigation of fraud in the Appalachian coalfields (i.e., no thanks to the CIA). That investigation, based in Alabama and codenamed "Leviticus Project," resulted in the March 1980 indictment of William Nardone for defrauding investors of more than \$3 million in cash and promissory notes in coal deals. Nardone's lawyer, Stephen Sacks, turned out to be an imposter without a law degree. Sacks, facing a jail sentence himself, agreed to cooperate rather than face reprisal from former mafia law clients, who could no longer claim attorney-client privilege on their communications with him. Sacks told investigators of his gunrunning friends Terpil and Korkala and agreed to introduce two undercover agents posing as Latin American terrorists. Although Terpil and Korkala were arrested, they subsequently fled the country and are still fugitives. (*Indianapolis Star*, 7-6-81)

The first person ever charged as a result of the Leviticus Project has now pleaded guilty. He is Akiyoshi Yamada, a former aide of Robert Vesco (NYT 8-2-81). Yamada is a convicted swindler who manipulated the stock of Bel-Air Financial Corp. (NYT 3-6-76). It is intriguing that Leviticus led to both Terpil and Vesco, both linked to Libya; and that Vesco associate R. L. Herring is also a major figure in coal frauds.

As for Vesco, he was ordered expelled by the Bahamian government after the FBI claimed that he was associated with a notorious drug smuggler based on Norman's Cay (a favorite launch point, by the way, for CIA-trained Cuban exiles on missions against Castro). The Bahamian government has since rescinded the order, and Vesco moved to tiny Cistern Cay to keep out of sight. (MH 7-20-81) Vesco moved again to the Turks and Caicos Islands, known as the center of drug smuggling in the Caribbean and the area in which Nugan Hand representatives hoped to resettle Southeast Asian refugees. (*San Francisco Chronicle*, 7-31-81; PPUA/2)

Neil Evans, former representative of the Nugan Hand bank in Chiang Mai, northern Thailand's drug smuggling center, told Australian TV that Michael Hand had announced at a meeting of bank leaders in 1977 in Hong Kong that Nugan Hand had just got the CIA's account and would be laundering millions of dollars for the Agency. Evans had set up the Chiang Mai branch in 1977 to take deposits from drug traffickers whose money he moved by courier out of Thailand. (*Tribune* (Australia's CP newspaper), 2-18-81)

The name of Sir Peter Abeles surfaced in the ongoing Nugan Hand investigation, as a partner in property development near the Kings Cross area of Sydney (rather like Times Square in New York) with John Charody, who was once a representative of the Nugan Hand bank. (*Tribune* 9-3-80) Abeles, knighted in New South Wales, is the managing director of Thomas Nationwide Transport, a huge trucking firm, and a partner of Rupert Murdoch in Ansett Transport Industries, which controls influential television outlets. This makes him one of Australia's preeminent entrepreneurs. Ansett became controversial during the latter stages of the Carter campaign when Sen. Proxmire and others charged that the Export-Import Bank gave a questionable loan to Ansett in return for a campaign endorsement from Murdoch's *New York Post*. (WSJ 5-9-80) The Viennese born Abeles also figures in some reports by the

inspectors of the New South Wales Corporate Affairs Commission which detail his role as a go-between for deals of mining magnate Alexander Barton and one Bela Csidei (Nation Review, 7/14-20/77), who was a prominent subject of narcotics investigations in New South Wales and who, along with Murray Riley, was a frequent visitor to West Coast US mob circles (see P/2). Csidei, a peripheral Nugan Hand associate, was convicted in 1977 of growing marijuana on his property with borrowed cash and seeds from Jimmy Fratianno. As noted in PPUSA/2, the Demaris book on Fratianno says only that he was “looking for a narcotics deal,” but makes no mention of the Australian connection.

An article in the *Sydney Bulletin* (11-7-78) notes the meetings between Riley, Csidei, Fratianno, Rudy Tham (San Francisco's Teamster leader) and Salvatore Amarena (a Trafficante-Marcello connected mobster). “Connections have included meetings with top Australian businessmen. One whose name has cropped up in American investigations is an industrial knight. A police reference to his company being “backed by money from American syndicated crime” was ordered deleted from the final transcript of the Moffit Royal Commission. His chief general manager is on record as having flown to America from Sydney for a meeting with Rudy Tham. The knight himself is alleged to have met Fratianno in New York to discuss the possibility of investing in the Westchester Premier Theater in suburban Tarrytown, New York-- the theatre where top eastern organized crime leaders met at a show given by Frank Sinatra in the latter part of 1977.” The subject of this article is transparently obvious, although the author couldn't name names because of stiff Australian libel laws.

## **E. Neofascism, Terrorism, Mercenaries**

The desperate attempt in some quarters to explain away the appearance of a right-wing plot behind the Mehmet Ali Agca plot to kill the Pope has reached astonishing levels. On the one hand are pillars of the establishment like the *New York Times'* Dick Apple, who explain away Agca (despite his mysterious sources of funds, passports, and weapons) as a lone nut; this is the same Apple who wrote in the preface to the NYT edition of the Watergate hearings that “It would not be easy in Washington to find anyone who knew Dick Helms and ever doubted his word.” (p. 57) On the other hand, we have a host of conservatives who are trying to throw the ball back into the other court by blaming the Soviets for the whole affair.

The most fanciful and irresponsible example of such intellectual dishonesty, a column by Time's Hugh Sidey, is reproduced in the clips section from the *Miami Herald*; by his logic, the Kremlin can be blamed for anything and everything, as facts are never what they seem, and all setbacks for the West are wily Communist plots.

Meanwhile Senator Denton's subcommittee on security and terrorism has taken up the rallying cry, for fear that the Agca case will undermine its thesis that the USSR is solely responsible for world terrorism. The subcommittee brought before it a former Turkish legislator to explain away Agca's long association with the neofascist National Action Party. “I don't think he's a representative of the right-wing terrorists,” said the witness, Aydin Yalcin. “Right wing terrorists are amateurs . . . they get caught rather easily.” (Didn't Agca?) With hard facts like these, it was easy for Yalcin to further suggest that Agca was “a tool of the Soviets.” (WP 6-26-81)

Robert Moss, the anti-Soviet mouthpiece for certain “Western intelligence officials,” claims that East Germany sponsors neo-Nazi activities in West Germany; that Libyan intelligence directed the Rue Copernic synagogue bombing under the guidance of East German intelligence (Moss apparently knows more than the French do); and that Mehmet Ali Agca has secretly confessed that he acquired his gun and false passport in Bulgaria. Moss made these unsubstantiated assertions before the Denton subcommittee. (MH 6-27-81)

The conservative weekly *Human Events* similarly claims that Agca is part of “the international terror network supported by the Soviet Union.” They quote his absurd statement to the Italian police, “I am a Palestinian Communist comrade and friend of George Habash,” and cite his travels through Bulgaria and Yugoslavia as proof of his leanings (neglecting to mention that he passed through most countries in Europe, and that Bulgaria and Yugoslavia hardly see eye-to-eye). (*Human Events*, 5-30-81)

Finally, Associated Press reports that “US and foreign diplomatic sources” claim that Agca was trained near Damascus at the Hamuriyya camp operated by Al-Saiqa, a faction of the PLO controlled by Syria. No evidence for the charge is forthcoming, save for the feelings of some officials that Agca is the right sort of fellow. “‘Whether they told him to go out and shoot the Pope, we don't know,’ said a State Department official. ‘But this type of person is trained in those camps. That kind of training would be normal.’” As further evidence, the article notes that US and foreign sources agree that “Turkish extremists are trained at PLO camps in Lebanon,” then smuggled back into Turkey through Syria. Now comes the giveaway line: “Many of the trainees are said to be members of an underground movement known as ASALA, or Secret Army for the Liberation of Armenia.” In other words, these “Turkish extremists” are in fact militantly leftwing Armenian nationalists, the complete antithesis to the Grey Wolves, rightwing Turkish nationalists from whose ranks Agca sprang, and who would love to crush the Armenians. None of this proves that Agca did not receive PLO training, but so far no one has provided a shred of evidence. (MH 6-11-81)

The chief of Rome's anti-terrorist police, Alfredo Lazzarini, says of Agca, “We believe he did not act alone. . . . We think there was an organization behind him.” (MH 6-13-81)

Last November, Necati Uygur, head of the German branch of the Turkish National Action Party for most of the 1970s, was assassinated. His death was the most recent in a series of five political murders of Turks in Germany. “Everything indicates that the five victims had been secretly sentenced to death by a tribunal of the NAP and its youth organization, the Gray Wolves. Their executioner, to judge from gathered evidence, was Agca.” German authorities have until recently been remarkably tolerant of this neofascist group; last year Lower Saxony's Ministry of Interior called the Gray Wolves a “Western-oriented, anti-communist, moderately Islamist nationalist movement,” a ridiculous understatement (and false; they are not particularly “Western oriented”). (MH 7-23-81)

Two West German neo-Nazis said they were among a group of 30 such trained as terrorists at a PLO camp in Lebanon. They made the charges at a press conference staged by the Christian Phalange party in Lebanon, whose leader, Pierre Gemayel, is himself an admirer of Adolf Hitler and whose forces have been accused by Italian authorities of training neofascist Italian terrorists. In response to the charges, the PLO held their own press conference to deny the allegations. They trotted out two Germans who said they had received training from

the Phalange, and had then been captured by the Palestinians. The truth may be that both sides have had shady ties to the German far right (*San Francisco Chronicle*, LAT, MH, 6-26-81)

Anti-Castro Cuban exiles are enjoying something of a renaissance now that Reagan is in power. In particular the extremist Alpha 66 organization has been active in organizing raids against Cuba (see profile in MH 8-2-81). In mid-July Alpha 66 leader Andres Nazario Sargen vowed that his organization would continue its efforts to "liquidate" Castro by July 26, and that "If we fail, we will try again." (MH 7-14-81) Two days earlier, Radio Havana reported that it had captured five Alpha 66 commandos from South Florida. (MH 7-12-81). Alpha 66's attorney, Ellis Rubin, warned that anyone travelling to Cuba to celebrate the 28th anniversary of the Castro revolt would face dire consequences. As a result of this activity, the FBI is investigating Alpha 66 for violating the neutrality act, and police have searched their headquarters looking for Matildo Duarte, a member freed on bond after being arrested for possession of ammunition and military equipment. He had thousands of boxes of ammunition on him at the time of his arrest. (MH 7-25-81)

Rolando Otero, convicted of a major bombing in Miami International Airport on October 17, 1975, has turned himself in and the judge has allowed him to remain free on bail pending appeals. Otero claims he is reformed: "I have been mellowing within the system." Prosecutors ridicule the claim and say he is still a terrorist. (MH 6-22-81)

A delegation of Cuban exile leaders received the announcement of Cuban Week by New York City in late May. Among them was Jose Tenreiro Napoles, identified as a leader in the terrorist Omega 7 organization in New Jersey and a contact of at least one figure involved in the Letelier assassination. The ceremony was reported in the Spanish edition of the Moonie newspaper *News World*. *News World* has also helped finance on Omega 7 publication, *Cubano Libre*. (*Village Voice*, May 27-June 2, 1981)

Portuguese fascism is alive and kicking, with the founding in May of a "New Order," proclaiming itself through a right-wing newspaper with photos of blue-shirted youths, arms raised in the fascist salute. Most prominent among the founders of Col. Gilberto Santos e Castro, founder of Portugal's elite commandos who refused to pull out of Angola in 1975. He continued to fight on with the FNLA. The New Order has close ties to the Spanish neofascist leader Blaz Pinar, and its leaders praise the Spanish civil guard officer who seized the Spanish parliament on Feb. 23. (*Christian Science Monitor*, 5-13-81)

The Spanish government has at last decided to bring charges against all the Guardia Civil and armed forces members who took part in the Feb. 23 coup attempt, following public outrage over the government's previous decision to merely try a handful of ringleaders. (WSJ 7-2-81)

Spanish police have arrested 3 military officers and 5 civilians for preparing another coup attempt against the shaky government of prime minister Leopoldo Calvo Sotelo, whose disunited Union of the Democratic Center has become a target of opportunistic right-wing agitation. One of the arrested officers had previously been jailed for conspiring in 1978 to seize Adolfo Suarez, then prime minister, and his cabinet. The arrested figures have also been linked to an explosion and the defacing of a school in Madrid in June. (NYT 6-25-81)

A leftist Greek deputy has charged that active and retired Greek army officers plotted to kidnap president Constantine Karamanlis and seize power, but the coup was canceled because of leaks about its details. The alleged ideological leader of the plot, Defense Minister Evangelos Averoff, denied the charges. (MH 6-4-81)

France's new socialist government probably will not turn over to Spanish authorities suspected Basque ETA terrorists now residing in France. The new government's policy will be to make the country a "land of asylum," apparently considering terrorism as a political crime. This policy is severely straining Franco-Spanish relations. (*Economist*, 6-20-81)

The CIA says that it counted 6,714 acts of international terrorism between 1968 and 1980, a dramatic increase in earlier estimates accounted for by a new system of reporting mandated by William Casey that counts every threat as a terrorist act. (NYT 6-17-81)

"The KGB's Bead on the Media," Arnaud de Borchgrave's rantings, this time not disguised as fiction but disguised as fact. (WP 4-14-81)

"Disinformation from the Times: A disturbing drift toward the Right." Article argues that the *New York Times*, particularly in its Sunday magazine section, has been airing right wing conspiracy theories from such exponents as Robert Moss, Arnaud de Borchgrave, Claire Sterling, and Edward Epstein. This article also rips to shreds the NYT magazine's attack on IPS. (*Progressive*, July 1981)

"If there were no KGB would the scale and intensity of terrorism be diminished?" Harry Rositzke, 25 year veteran of the CIA and author of books on intelligence, disputes recent charges of Soviet involvement in world terrorism, saying we should continue worrying about "the long-term Soviet revolutionary threat." (NYT 7-20-81)

"Western European police, intelligence, and political officials generally believe that Palestinian groups and radical Arab nations have given considerable direct assistance and encouragement to European terrorist organizations. The officials, however, are much more divided and equivocal on the much argued question of the Soviet Unions' possible role in terrorism. . . . these officials say they do not believe that Soviet or Palestinian officials create, lead, or direct urban terrorist groups, which they describe as indigenous." (NYT 6-23-81)

Rtd. Gen. Vernon Walters, now a roving ambassador for Haig, spoke at the "Inter-American Symposium" in Buenos Aires on "Energy and Strategic Security for the Americas" in May. It was sponsored by the Council for Inter-American Security and the Institute of American Relations, and two Argentine groups. Both American institutes represent the far right; the latter is a creature of Robert Moss and Brian Crozier, and of aides to Strom Thurmond and Jesse Helms; the former is run by L. Francis Bouchev, formerly of the American Chilean Council which was cited by the Justice Department for its failure to register as a foreign lobby for the Pinochet junta. (*Latin America Weekly Report*, 5-15-81)

Richard Mellon Scaife has been exposed as one of the most generous of rightwing donors. His money keeps alive such groups as the Georgetown Center for Strategic and International Studies (\$5.3 million since 1973), the Committee for a Free World (\$50,000 seed money), the Committee on the Present Danger (\$360,000), and Accuracy in Media (\$150,000) and the

Heritage Foundation (\$3.8 million). In effect, Scaife has played an extraordinarily key role in redefining the terms of political debate in this country over the last six years. Article also points out the dubious claim of the Committee on the Present Danger to limit its "annual contributions from a single source to \$10,000" when it received \$260,000 from Scaife entities between 1977 and 1979. (Karen Rothmyer, "Citizen Scaife," *Columbia Journalism Review*, July/August 1981).

Accuracy in Media, the far right media critic center noted for its lavish promotion of Moss and de Borchgrave's *The Spike*, takes money from prominent oil companies whose cause it then promotes; from Scaife (who fronted for the CIA at Forum World Features, for which Moss wrote), and from the Allied Educational Foundation, whose administrator, George Barasch, was former secretary treasurer of Teamster Local 815 and was accused by the McClellan subcommittee in 1966 of diverting almost \$5 million in union and welfare pension funds to private corporations owned by him and his brother-in-law. (*Soho News*, 7-15-81)

The collapse of Computron Technologies Corporation, a software firm run by Lyndon LaRouche and his followers, could threaten the viability of the US Labor Party/NCLC--more by exposing internal splits to public view than by reducing cash flow; other USLP businesses are still said to bring in \$10-\$15 million a year. (*High Times*, August 1981)

Spotlight (Liberty Lobby) continues its close association with the USLP. The 8-3-81 issue notes that "Hugh Hefner's 'Playboy' empire has been linked to the organized drug lobby by 'Investigative Leads,' a counterintelligence publication." Investigative Leads is one of several publications issued by the U.S. Labor Party (USLP) apparatus; Spotlight regularly cites its anti-drug magazine as well.

The USLP has violently opposed Abscam, Brilab, and related prosecutions of organized crime and the Teamsters union. Now it charges that "News agencies linked to the \$200 billion international drug cartel, Dope, Inc., and to the Institute for Policy Studies terrorist coordinating center in Washington, D. C., are behind the barrage of slanderous 'exposes' which seek to Watergate President Reagan . . ." These include exposes on Donovan and Laxalt. To judge from the illustration accompanying the article, the main culprits are Max Fisher, Mother Jones magazine, and Katherine Graham. (*New Solidarity*, 2-9-81) *New Solidarity* has been particularly nasty toward RFK's brilliant Hoffa investigator, Walter Sheridan (cf. "LaRouche Scores Sheridan Witch-hunt Against Labor," and "Ken Paff--Khomeini's Man in US Labor Movement," in 6-5-81 and 2-9-81 issues respectively).

The leader of the Dominica invasion plot, Michael Perdue of Houston, says he obtained financing from businessmen in Las Vegas, Houston, Memphis, Jackson, and Toronto, and that one of the chief projects he planned after the island takeover was a cocaine processing plant. (NYT 6-18-81)

J. W. Kirkpatrick, a Memphis lawyer, killed himself after it was revealed in court that he was one of the financiers of the invasion plot. (MH 6-23-81)

The Ku Klux Klan, increasingly active on US military bases in Germany (where it is not a proscribed organization), has been recruiting German neo-Nazis as members. These Germans "seem to be well supplied with Nazi and racist literature from the United States,

including books, tracts, periodicals and posters from the American Nazi Party and the United White Peoples Party.” Said one of the recruiters, “Along with our American comrades, we German patriots are fighting against everything that is racially alien: Russians, Turks, and all the other foreign workers who have flooded our country, and, like Adolf Hitler, against world Jewry which is responsible for all the foreign infiltration of Germany.” Members of the German Klan boast of their ties to the now-outlawed “Military Sport Group” of Karl-Heinz Hoffmann, which has been linked to the Oktoberfest massacre. (*Atlanta Journal-Constitution*, 7-12-81)

West Germany has renewed its extradition request to Paraguay for Josef “Angel of Death” Mengele, though no one seems quite sure where he is. Some say Uruguay, others even say New York. (MH 5-31-81)

Eldridge Cleaver, once a supporter of Sun Myung Moon, is now a devotee of W. Cleon Skousen, a far rightist beloved by the John Birch Society. To turn the American people on the right path, says Cleaver, “I say we need a thousand Skousens.” (*Philadelphia Inquirer*, 7-5-81)

The hijacking in early March of a Pakistan airliner with 150 passengers on board was the work of Murtaza Bhutto, the elder son of the late prime minister executed by the Zia government. According to unnamed sources, Murtaza was put in touch with “Carlos,” the famed terrorist, in Libya. Following that, he went to Damascus and Kabul, where he talked with Russian “advisers” about the operation. This would explain the readiness of Afghan authorities to allow the plane to land, and why the next destination was Syria. (*Guardian (London)*, 3-11-81)

## **F. Organized Crime and Gambling**

William Musto, mayor of Union City, NJ, was recently indicted with other city officials for taking kickbacks on construction contracts. His righthand person is Julia Valdavia, who happens to be a big fundraiser for Omega 7 and for the defense of the Novo brothers, implicated in the Letelier assassination. Her brother-in-law, Celin Valavia, has just been indicted for accepting stolen goods from a huge mob hijack operation in the New York garment district (cf. NYT 8-2-81). He runs the Edigla boutique in Union City. Peter Cassise was the organized crime soldier who headed the theft ring; it netted \$1.5 million a month in goods. Celin Valdavia was also indicted with Musto on gambling charges in 1978.

Louis J. Roussel, the New Orleans financier whom Carlos Marcello claims as a friend, has bought first refusal rights to a substantial minority bloc of shares in California Life Corp. Article details numerous Roussel legal tangles and run-ins with federal and state financial regulatory authorities. Former California governor Edmund Brown, Sr. is one of his attorneys (LAT 5-11-81). One of Roussel's difficulties involved denials by Oklahoma and Illinois authorities of his bid to take over United Founders Life Insurance Co. In 1975, around the time Roussel was aiming for control, another takeover attempt was mounted by Richard Ashley Parker, then linked to Sam Ray Calabrese of Las Vegas (a business Partner of former Hoffa lawyer Morris Shenker, and convicted of defrauding the Richmond, Va. SBA of \$800,000), and Edward Alfred Zuber (convicted of investment fraud). Parker has just been charged in Santa Clara County on 9 felony grand theft and securities charges regarding the operation of his Spa and Country Club Management Ltd. in the Bahamas, which he allegedly

misrepresented to investors. (San Jose Mercury, 6-4-81) Zuber was implicated in 1976 in a huge embezzlement from United California Bank. (LAT 1-13-76)

The Polish government has arrested eight officials of a state “theatrical” enterprise in Warsaw and Krakow. “They are accused of operating a white slavery network under the guise of sending young women--some of them only teenagers--to work as actresses and dancers in Italy, Greece, and Belgium. When the women arrived, they were taken in charge by alleged Mafia bosses who forced them to act as nightclub 'hostesses.' . . . This week's suicide of a former Polish foreign trade minister, Jerzy Olszewski, is thought by dissidents to be traceable to these corrupt links. He was one of 200 former officials under indictment on corruption and bribery charges.” (*San Francisco Examiner*, 5-28-81)

It was reported in PPUA/2 (based on a *Seattle Times* series) that Vincent Teresa recently had his cover blown in Seattle; he has been living there under a new identity as part of the federal witness protection program. His identity and whereabouts were actually reported at least two years ago, following the smashing of an international bird smuggling ring that Teresa helped organize out of Australia. He runs a bird shop in Seattle. (*St. Louis Post-Dispatch*, 8-16-81)

The FBI has arrested 6 men, including two from the Chicago area, for attempting to burgle a gift store in Las Vegas containing more than \$1 million in valuables. The men are associates of reputed Chicago mobster Anthony Spilotro, including his muscleman Frank Cullotta, convicted mass murderer Lawrence Neumann, and former Las Vegas police detective Joseph Blasko, who was fired from the force in 1978 after the FBI charged he provided inside information to Spilotro. (*Las Vegas Review-Journal*, 7-6-81; CT 7-7-81) Spilotro surrendered a week later to authorities in Las Vegas following a secret indictment handed down by a federal grand jury probing his involvement in illegal gambling, stolen property, and racketeering. (CT, *San Francisco Chronicle*, 7-16-81)

The indictment against Teamster president Roy Williams charges that he and Allen Dorfman conspired to get rival bidders on property that Sen. Cannon coveted to withdraw their offers; one such bidder was Allen Glick, a major Las Vegas investor who allegedly had Chicago mob backing. The Williams indictment, part of Operation Pendorf (pension fund-Dorfman), nearly died under the Carter administration, according to some Justice Department officials. But under Reagan the department took another look at the case and decided to go ahead. (*Kansas City Star*, 5-23-81) At the same time, however, Reagan has continued to court the Teamsters union; even after his indictment, Williams accepted an invitation to meet with President Reagan at the White House to discuss his economic program. (SFC 6-11-81) The FBI developed much of its incriminating information on Williams from wiretaps on Kansas City mobsters. The FBI tapped 9 telephone lines at Teamster locals and councils, bugged offices of Williams and his aide Sam Ancona, and tapped phones at the homes of both men in 1979. They also bugged the home of alleged mafioso Phillip Simone, and picked up a meeting between Williams, Allen Dorfman, and alleged Kansas City mob chief Nick Civella. (*Kansas City Star*, 5-14-81)

“The Greek Mob: No longer an obscure crime family,” *Philadelphia Inquirer*, 5-31-81. “A mob hit, a \$1m find and a lawyer's advice,” on the Greek mob in Philadelphia, in PI, 6-28-81.

Joseph P. Lordi, chairman of New Jersey's casino control commission, is retiring. (see the affectionate review of his career in Atlantic City *Sunday Press*, 6-28-81) Martin Danziger, the vice chairman, will take his place. Lordi's influence began to wane after Abscam defendant Sen. Harrison Williams, Jr. (D-NJ) was quoted as telling undercover agents that he could and had influenced Lordi to aid Hardwicke Co., which was then moving into Atlantic City. (NYT 6-29-81). Gigi Mahon supplies further details: "In June, before Lordi was named to the commission, Governor Byrne had been given a secret state police report that claimed that Lordi had long been associated with organized crime figures, that he frequented known mob hangouts and that at one time his family law firm represented the brother of a north Jersey mobster, Gerardo 'Gerry' Catena. The report noted that as Essex County prosecutor, Lordi had helped get a gun permit for a friend who had a criminal record and who, the police alleged, hobnobbed with crime figures." (*The Company that Bought the Boardwalk*, 152-153.) Numerous other associations between Lordi and Catena are outlined in *Philadelphia Magazine*, June 1978. Gov. Brendan Byrne himself was allegedly the attorney for Thomas Pecora, a NJ mobster in the Genovese crime family.

Nicodemo Scarfo, reputed successor to slain Angelo Bruno as head of the New Jersey-Pennsylvania mob, was sentenced to two years in prison for violating a federal gun law. The gun was found in his apartment by police investigating the slaying of Margate cement contractor Vincent Falcone in December 1979. (*Philadelphia Inquirer*, 7-8-81) In the same investigation, police found in Scarfo's possession a photocopied list of coded telephone numbers. Now that it has been deciphered, "the list blazes a trail to mob hangouts and mobsters' residences in New York, Philadelphia and New Jersey, union halls and union officials in Atlantic County and people and places in Massachusetts, Nevada and Florida." (*Atlantic City Sunday Press*, 6-28-81)

"Atlantic City's Casino Union in Mob's Hand?" Victor Riesel alleges that Scarfo influences the 10,000-member Hotel, Restaurant and Bartenders International Union local in Atlantic City. (MH 5-28-81) Apparently the New Jersey division of gaming enforcement agrees, because it has asked that the union local be denied registration because of its links to organized crime. (*Reno Evening Gazette*, 5-15-81)

A New Jersey state appeals court has ruled that if Caesar's World wants to remain in Atlantic City, the Lansky-linked Perlman brothers who founded it must drop their involvement in Nevada and New Jersey gambling. (MH 7-22-81) Earlier, however, the New Jersey supreme court ruled that the Perlmans may continue to buy stock in their company while legal appeals are still pending. (MH 5-28-81)

The Dunes casino, owned by Morris Shenker, last year sustained a 53% increase in bad debts, nearly half of which were the result of credit issued by former casino host Bob Amira, who was the husband of Shenker's niece. Amira, who resigned last September, allegedly approved credit and bogus travel vouchers to reputed members of the New York Columbo family. (*Las Vegas Review-Journal*, 5-28-81)

Guido Penosi, a former major mafia narcotics dealer in Miami, and Frank Piccolo, a chief lieutenant in the New York Gambino family, have been indicted for shaking down entertainer Wayne Newton. (MH 6-13-81) Earlier they were reported to be hidden partners with Newton in the scandal-prone Aladdin casino (MH 11-7-80; *Reno Evening Gazette*, 10-7-80)

The late Missouri Lt. Gov. William Morris is alleged in a Las Vegas trial to have been the planned conduit for thousands of dollars in kickbacks from the Del Webb construction company to St. Louis attorney Sorkis J. Webbe, former owner of the Aladdin hotel-casino, which financed the construction with a teamster loan. The defendants include the Del E. Webb Co., Aladdin, Webbe, and five other individuals. (St. Louis *Post-Dispatch*, 7-16-81)

The Del E. Webb co. is in serious financial trouble as a result of slumping Sun City, Arizona retirement home sales and losses at its Sahara Reno casino. The latest blow is its tangle with Atlantic City casino regulators who have objected to its license application to run the Claridge hotel-casino. Finance charges are so high on the hotel that even at the most optimistic forecasts it could only break even. New Jersey gaming authorities note that the original Del Webb was partner in the Flamingo (which he built) with Bugsy Siegel and Meyer Lansky, and that the company's Nevada hotels falsified financial records for years to provide prostitutes for high rollers. (*Barron's*, 7-13-81) Given this bleak picture, Del E. Webb has decided to sell its share of the Claridge to its partner, F. Francis D'Addario of Bridgeport, Connecticut. (NYT 6-17-81)

Canadian authorities are considering conspiracy charges against Charles Yanover, an alleged organized crime figure involved in international gun deals, for financing the Dominica invasion plot. During the trial in New Orleans, his name came up along with that of L. E. Matthews, a Mississippi electrical contractor, James C. White, a Louisiana/Texas businessman, and J. W. Kirkpatrick, a Tennessee lawyer, as the chief financiers. Yanover is presumably "the Jew" referred to by the Toronto *Globe and Mail* in its series of articles on the Canadian connection to the plot. (NOTP 7-7-81)

Nick (the Pig) Allocco, a four-hundred-pound mobster wanted for bail jumping and murder in Florida and New York, was seized on Staten Island with 400 pounds of marijuana and more than 26,000 Quaaludes in his possession. (MH 7-2-81)

In the New Orleans Brilab trial, former Louisiana state official Aubrey Young was acquitted on bribery charges by the judge, but the jury found Carlos Marcello and Charles Roemer 2d, former Louisiana Commissioner of Administration, guilty of one count of conspiracy. (NOTP 7-8-81; NYT 8-4-81). Meanwhile, a federal grand jury in Washington has indicted Marcello and two others on charges they tried to bribe a federal judge with money or a valuable art object. The others were Samuel Sciortino of California and Philip Rizzuto of New Orleans. The object of their bribe attempt was Judge Pregerson who was about to preside at the trial of Sciortino and four other members of a Los Angeles crime family. (NYT 8-6-81)

Joseph Hauser, star witness at the New Orleans Brilab trial, will soon testify in Florida in the Laborers International Union case. Hauser was the man who actually set up the insurance fronts allegedly used by union officials and mobsters (including Trafficante) to siphon money off from the union. According to the Miami indictment, Hauser was actually made a "family member" in 1974 on the recommendation of LIUNA national president Angelo Fosco, one of the indicted union leaders. (DMN 6-28-81) Who says Jews can't get along with Italians?

Robert Di Bernardo, a capo in the Sam DeCavalcante family, and his associate Theodore Rothstein, were convicted on obscenity charges in a Miporn case. (MH 6-13-81)

Joseph Testa, a Chicago area businessman, was killed by a bomb planted in his car in Florida. He has been the object of at least 3 previous bomb attacks at his properties in Chicago. Police, as usual, are baffled. Testa retained consciousness for a short time after the bombing; asked if he knew who might want to kill him, he said, "Yeah, a lot of people." (MH 6-28-81) In 1969 he was the subject of a major police investigation in Australia into underworld infiltration of the slot machine business. (SFC 6-30-81). Testa is discussed at length in Alfred McCoy, *Drug Traffic* (Sydney: 1980). His Australian associates have ties to the drug traffic, according to official investigations, and his partner in several businesses, Frank Pantaleo, has documented ties to the Chicago mob.

The Senate Permanent Subcommittee on Investigations charges in a new report that the Labor Department under Carter botched an historic opportunity to reform the Teamster pension fund and rid it of mob influence. (NYT 8-12-81)

The Israeli mafia in Los Angeles, "a gang of felons, fences, and black-marketeers from the Tel Aviv suburb of Bat Yam, first tried out their wings in 1975 with a series of shakedown schemes" against local Jewish merchants. The California attorney general's office has investigated its members for insurance fraud (worth millions), bankruptcy fraud, arson, burglary, fencing, fictitious billing, narcotics, and murder. Allegedly members of this gang deliver drugs to the Italian mob in Las Vegas. (CT 6-23-81)

"Russell Bufalino, reputed to be a boss of organized crime in northeast Pennsylvania, was released from federal prison here yesterday morning after immigration officials told him that he must report to them regularly as the US continues its effort to deport him to his native Italy. . . . Bufalino had been in prison since August 18, 1978 on a four year sentence for a conviction on a charge of extortion. He was found guilty of trying to extort \$25,000 from Jack Napoli of Brooklyn in 1976. (Associated Press 5-9-81)

Tony Albanese, Las Vegas nightclub promoter and former entertainment director for the Jolly Trolley casino in the mid-1970s, was kidnapped and murdered in mid-May; his severed hand was found in the desert in California a month later. According to some reports, he was killed in the midst of a power struggle between Chicago syndicate members and New York crime families for control of the lucrative pornography market in Los Angeles. (*Las Vegas Review-Journal*, 6-20-81) The Jolly Trolley has been identified as a front for the New Jersey mob.

Jack R. Urich, then owner of UCO Oil Co., hoodwinked a Sierra Club attorney into filing an environmental lawsuit against a rival company to halt its construction of an oil terminal. Urich's front man was Paul Scott Farris, formerly convicted on felony counts of possession of cocaine and hashish. Urich has been under surveillance himself as a suspected hidden owner in the Tropicana casino along with Kansas City mob interests who are alleged to have skimmed the take. (WSJ 8-6-81)

Nick Civella, reputed Kansas City mob chief, had his appeal bond revoked and will begin serving a four-year prison sentence for conspiring to bribe a Fort Worth, Texas prison warden to arrange the transfer of his nephew Anthony Civella to a preferred Texas facility. (Kansas City Star 6-14-81)

The leader of the world's largest crime syndicate, the Yamaguchi-gumi, is dead. Kazuo Taoka, a confidant of leading wirepullers like Kodama and Sasagawa, died of a heart attack. Police fear an outbreak of gang violence as rivals vie for the top slot. (MH 7-27-81)

Nigel Winfield, prominent racehorse owner, has been denied a license to race in New York. The State Racing and Wagering Board cited his conviction in the mid-1960s for writing bad checks, his 1978 indictment for conspiring to defraud Elvis Presley in a jet leasing deal, his association with mob boss Sam DeCavalcante, and his friendship with Rhode Island mobster Michael Caruana as reasons for denying the license. (NYT 6-13-81; cf. *NY Daily News*, 6-14-81) On Caruana's role in the Jimmy Chagra case, see my article on "The Company" in PPUSA/1.

A federal grand jury has subpoenaed records of the United Jewish Appeal to see if officials of the scandal-tainted Warner Communications conglomerate used the charity's name to secretly divert funds from the corporation. (LAT 5-26-81)

Attorney William Kunstler said he will sue the federal government for \$100 million because the FBI bugged the law office of John Cicilline, who represents several reputed organized crime figures. The wiretap, approved by a US district judge, was part of an FBI surveillance of associates of New England crime boss Raymond Patriarcha. (UPI 6-7-81) A judge has ruled that the wiretap was in fact illegal. (NYT 8-13-81)

The Giancana murder weapon has been linked to two former Chicago policemen suspected of making and selling illegal silencers, according to findings of an 18-month investigation by agents of ATF. (*Las Vegas Review-Journal*, 6-22-81)

Alfred Leonetti Jr., an up-and-coming real estate and insurance tycoon in New Jersey, has gone bust, leaving debts of more than half a million dollars. He is under investigation for fraud, and for business ties to reputed mobster Emanuel Gambino, cousin to Rosario and Giuseppe Gambino, whose names have surfaced with regard to Sindona and heroin trafficking. (*Philadelphia Inquirer*, 6-29-81)

Federal and state investigations of coal frauds in Appalachia are moving forward. Among the targets are Walter and Kennie Childers, owners of coal properties in Virginia that are linked to Allen Glick, alleged front man for the Chicago mob in Las Vegas. (*Richmond Times-Dispatch*, 5-24-81)

"The Dirty Business of Garbage" takes a look at the waste industry and finds a lot of mob involvement. Article notes the spirited defense of the industry against such charges by the president of New York's Waste & Energy Corp., Vincent Promuto, the former p.r. chief at DEA who was forced out in the wake of an investigation of his alleged associations with gamblers and drug pushers. (*Attenzione*, June 1981)

Richard Foley, a Canadian associate of the Cotroni crime family, wanted on charges of looting a Montreal bank vault, has been arrested with three others for cocaine trafficking in Florida. (MH 6-21-81)

Official confusion: a New York police department expert on organized crime claims that the Gambino family “is, in effect, running” the rival Bonanno and Columbo families in the city, although they retain their formal structure. Others, including FBI experts, say the evidence is too sketchy to support such claims. Moreover, the intelligence is so bad that no one knows for sure who heads the Gambino family, whether Paul Castellano or Aniello Della Croce. (NYT 6-13-81)

A Chicago grand jury is investigating SBA frauds involving Irwin Weiner, a heavyweight Chicago bondsman allegedly tied to the mob, who is said to have used a complicated scheme of bankruptcies, bonding, and taxpayer-financed construction contracts to allegedly rip the public off for hundreds of thousands, or even millions, of dollars. (US News, 7-27-81)

Jerome Palacino, a Miami-based organized crime figure convicted last year for importing \$3 million worth of Quaaludes, was found murdered. In 1977 he was indicted for extortion and blackmail with Anthony Acceturo, Broward County bingo kingpin involved in the Outrigger Club scandal (MH 7-19-81). Palacino purchased his Miami Beach mansion from an investor who bought it from Rocky Aoki, founder of Benihana (see P/l)

A US tax court judge has ruled that the IRS misused grand jury information in preparing a \$54 million tax evasion case against Sam Cohen, former owner of the Eden Roc casino and associate of Meyer Lansky. The indictment grew out of the investigation of skimming at the Flamingo hotel-casino in Las Vegas. As a result of the ruling, the entire case may go down the drain. (MH 7-22-81)

Sam (Fat Man) Cagnina, a former Key West policeman who eluded the law for more than two decades by allegedly terrorizing witnesses, was sentenced to 45 years for murder, arson, and narcotics trafficking, following an 18-month investigation by the FBI, DEA, Customs, IRS, Scotland Yard, and the French Surete. (MH 7-14-81)

The US attorney's office in Tampa is suing to foreclose on four lucrative Tampa Bay area lots owned by Santo Trafficante Jr. and three of his brothers, following their failure to pay up on a 1964 tax judgment against them. (MH 5-28-81)

Burton Wolcuff, “a former nightclub owner, talent agent and rock promoter, once convicted of bribing a rabbi, was the target of a highly sophisticated, radio-controlled dynamite bomb planted under the \$55,000 Mercedes he was driving, police said Saturday.” Wolcuff has been convicted of bankruptcy scams and mail fraud and is described in public records as an associate of the Chicago mob. He was a partner in rock concert promotions with former state senator Richard Fincher. (MH 6-21-81; on Fincher, see John Cummings, “Miami Confidential,” Inquiry, August 4, 1981, reprinted in this issue).

Richard Pulini, son of Abscam Figure Frank Pulini, was robbed, mutilated, and left for dead in Miami. Frank, an alleged associate of organized crime figures in Philadelphia and New Jersey, was allegedly the source of \$435 million in fake securities for Abscam convict Angelo Errichetti, former mayor of Camden, New Jersey. (MH 6-19-81) Richard has since vanished, after checking out of the hospital (MH 6-20-81)

A Washington, DC lawyer who represents the Teamsters, Edward Wheeler, says he was instrumental in the selection of Reese Taylor, Jr., to chair the ICC, in the hope (since vindicated, by all accounts) that he would reverse the trend toward deregulation. Wheeler, who served on the Reagan transition team at the ICC, gave the name to Fitzsimmons, who met with Reagan at the White House and gave the president a letter saying that Taylor was the union's choice. Wheeler was present at the meeting with Sen. Cannon and Roy Williams that forms one of the overt acts for which Williams was charged in the May 22 indictment (Wheeler wasn't charged) (NYT 6-9-81)

Eugene Boffa, Sr. and 3 others were found guilty of running a nationwide network of corrupt labor-leasing enterprises. Boffa worked closely with Tony Provenzano and his associates, and paid off Frank Sheeran, president of the Teamster local in Wilmington, who was investigated with Provenzano as a suspect in the Hoffa disappearance. Boffa was convicted in 1961 of swindling the Manufacturers Bank of Edgewater, New Jersey which folded while he was president. (WSJ 6-9-81)

The Houston waste disposal firm Browning-Ferris Industries has been linked to organized crime in Senate testimony. (DMN 5-31-81)

The St. Louis mob is in turmoil since the death in August of former boss Anthony Giordano. The rivalry for leadership is between Giordano's nephew, Vincenzo Giammanco, Joseph Cammarata, and Teamster officer Nino Parrino (St. Louis *Post-Dispatch*, 4-26-81)

The New Orleans FBI office spends about 20% of its manpower on organized crime, more than most around the country. Its new head, Edmund J. Pistey, vows to continue the fight against organized crime and white-collar fraud. (NOTP 5-9-81)

FBI agents and federal marshals, searching for parole violator and Colombo family underboss Alphonse Persico, burst in on a meeting of the Colombo and DeCavalcante family bosses. Police sources say "it was one of the biggest meetings where the mob was caught flat-footed since Little Apalachin." Persico was not in attendance, but a long list of other bosses were. (Newsday, 5-8-81)

"John Cody, the Maga-Mafia, and the Teamsters," review of the careers of John Cody, Harry Gross, and associates of corrupt Long Island Teamster Local 282. Includes reproduction of the local's subscription invoice to the USLP's *Executive Intelligence Review* (\$500), apparently in return for USLP muscle during Cody's disputed 1978 election.

The FBI's Brilab operation extended into New Mexico, but failed to nab its main target, Joseph Montoya II, son of the late senator. Montoya served in 1974 on the board of Hauser's insurance firm, Farmer's National Life, but when approached by Hauser in 1979 he apparently did not undertake to bribe state officials or union leaders. However, the FBI did wiretap Montoya and picked up conversations with several of his friends--Salvatore and Jimmy Muzzi, and Joseph Ambrogio, who are charged with running a violent loan shark operation in Albuquerque. Montoya says they were friends but not business partners off his; FBI informants say they were partners. (*Albuquerque Journal* 7-15-81) An FBI affidavit says that Montoya tried to enlist undercover agents in the Brilab investigation in a loan shark deal. The Muzzi's apparently had New York mob money behind them. (*Albuquerque Tribune*, 7-15-

81) Montoya's father, a powerful Senator with oversight of IRS, was a suspected drug trafficker and tax evader.

## Drug Traffic

Some extremely significant arrests took place in Miami over the past few months. The most important came as a result of "Operation Tick Talks," as reported in the August 6 *Miami Herald*, reprinted here. Those arrested include Frank Castro, mastermind (with Orlando Bosch) of the June 1976 meeting in Bona0, the Dominican Republic, where numerous terrorist outrages were planned (including, perhaps, the Letelier assassination); Jose Antonio Fernandez, already indicted in Operation Grouper; one of the Condom-Gil brothers, mentioned in PPUSA/1 (p. 10) as a co-investor with Bebe Rebozo and Edgardo Buttari in a shopping center built by Michael Polizzi; and the Villaverde brothers, who claim to be CIA agents. (In fact, Wyden's book *Bay of Pigs* lists Rafael Villaverde as an intelligence officer on p. 245. Was he thus a member of Operation 40, the notorious counterintelligence group that had to be shut down ca. 1970 because of its involvement in drug trafficking?) The Villaverde brothers were recruited by Wilson and Terpil in 1976 to assassinate one of Qadafi's opponents. This drug ring was broken with the help of Ricardo Morales Navarette; expect to see more on him in PPUSA/5.

The Rebozo family is once again linked to drugs, this time through Bebe's nephew Charles Frederick Rebozo, arrested at National Airport in January with 3 pounds of cocaine. He is in the real estate development business near Miami. (WP Magazine, 6-21-81) In June 1973 Michael Rebozo, another nephew, was sentenced to 1 year in prison for possession of 1~ pound of cocaine.

One of the men found guilty in Operation Grouper, Eduardo Garcia, tried to import 98,000 pounds of marijuana, according to the indictment. He is identified as "president of a Miami-based steamship brokerage firm." (MH 7-3-81) According to Wise and Ross's *Invisible Government*, Eduardo Garcia provided key logistical support for the CIA's Bay of Pigs invasion. The CIA fleet that brought troops and freight to Cuba for the invasion was assembled under cover of the Garcia Line, which had been the largest steamship line in Cuba, until its founder, Alfredo Garcia (Eduardo's father) joined his sons in the US.

PPUSA/1 mentioned the murdered lawyer Harvey St. Jean. An unverified tip says that Customs sources claimed that St. Jean was at the heart of the Cuban narcotics system in Florida; others allegedly involved included Manuel Artime (E. Howard Hunt's close associate and a Somoza business partner); Roberto Parsons (of Commandos L, who was picked up in 1962 near Cay Sal, owned by Howard Hughes and used by exiles for raids against Cuba); and Fernando Acosta. The same source indicates that the Cuban contact for Corsican heroin suppliers in the US was Manuel Lobo (a Spanish Jew from Cuba) who served as Santo Trafficante's conduit for heroin brought up through Mexico by Sarti's organization. Carlo Zeppo (mentioned in *Newsday's Heroin Trail*) and a man called D'Agostino were in contact with Lobo. (Lobo was convicted of smuggling in 1974--see MH 11-24-74)

A federal indictment charges a Haitian physician, Dr. Eddy Rodrigue, and six others with conspiracy to manufacture millions of dollars' worth of synthetic cocaine. Rodrigue's cut was

\$5 million and enough dynamite to “foment a revolution” in Haiti. The other defendants include a meat company owner, William Masselli, and three others who were indicted with him a week before on charges of operating a major hijacking ring that sold stolen meat to restaurants. (NYT 5-22-81) Masselli apparently was in close touch with Ray Donovan before he became labor secretary, and allegedly introduced Donovan to another defendant in the meat hijack case, Joseph Bufliarelli (see copy of *Time* in this issue).

Carlos Marcello's nephew, Vincent, Jr., pled guilty to charges of conspiring to distribute more than 6 pounds of cocaine. Under a plea-bargaining agreement Marcello agreed to cooperate with the government in any further investigation of the transactions. (NOTP 7-17-81)

In May, US Customs agents confiscated a Boeing 707 at Houston airport being loaded with \$1.2 million worth of combat weapons, the largest shipment ever seized. The 600 automatic rifles, 135 grenade launchers, and other weapons were destined for South Africa and then for UNITA guerrillas in Angola. Two Englishmen, Peter Towers and John Parks, were charged with trying to export arms without a license. Houston is becoming a major guns-for-drugs center. (DMN 6-14-81)

“The Chosen Few,” article on Miami drug lawyers, the fabulous fees they earn, the tactics they use, their questionable methods and their defense against charges from the law enforcement community (*Tropic*, 6-28-81) One lawyer not mentioned: Jerry Sanford, former US prosecutor, who now represents some of the Operation Tick Talks defendants.

Federal narcotics agents have arrested a half dozen suspects in the breakup of a major cocaine ring suspected of recruiting aliens employed in the gambling business as drug couriers between Miami and Nevada. Some of the couriers were Cuban refugees who first established the drug rings in 1969 after becoming casino dealers, hosts, and floormen at various casinos. (*Santa Barbara News-Press*, 7-3-81)

Federal investigators believe that Wise County, North Carolina was the base for drug and weapons shipments coordinated by Vernon Tate and his son, who had “direct links” to the South American drug trade. Police have been looking into reports of huge weapons caches--including boozookas, grenade launchers, and other military equipment--said to be hidden in Appalachian coal mines. (*Richmond Times-Dispatch*, n.d.)

Craig Richard Claymore, leader of a heroin smuggling ring who was among the passengers on a hijacked Pakistani airlines flight in March, pleaded guilty in Brooklyn to charges of international drug trafficking. Six of his eight colleagues have also pleaded guilty; two will stand trial. (NYT 6-12-81)

Peter Bensinger, DEA Administrator, has resigned “with absolutely no animus, ill feeling, or anger” (MH 6-17-81), or so he says. It appears that the Reagan administration intends to merge the DEA and the FBI, and to this end replaced Bensinger with Francis Mullen, chief criminal investigator at the FBI. Mullen will remain one of three executive assistant directors of the FBI. Meanwhile, Senate Democrats will push for legislation that would create a Cabinet-level narcotics control office with power to order the CIA, as well as traditional law enforcement agencies, into the fight against drugs. (MH 6-19-81) Finally, both houses of Congress have passed legislation permitting the US military to engage in drug enforcement

functions--a task frowned upon by civil libertarians and many military commanders who see it distracting from their primary functions.

Richard Dial Thorp, key organizer of The Company (see PPUSA/1) is still on the run and has formed a new drug ring that includes cocaine. Federal authorities have been unable to touch his bank accounts on the Grand Cayman Islands. (*St. Louis Post-Dispatch*, 5-31-81)

After a three-year trial, West Germany has convicted William Backhus, an American based in Europe, of conspiracy and fraud for supplying large quantities of raw material used in manufacturing LSD, to Oakland dealer Frank Ragusa, who was murdered in 1978. (*Oakland Tribune*, 7-12-81) Participants in this ring were largely Japan-trained black belt judo experts. Ragusa was "very definitely connected to East Coast Mafia figures and often bailed them out." He was also involved in several drug related murders in Miami. (*Palo Alto Times*, 10-11-78; *San Francisco Examiner*, 3-22-78)

The three top officials of WFC Corp, chairman Guillermo Hernandez-Cartaya, financial chief Vincente Carrodeguas, and banking president Francisco Fernandez, were convicted of tax evasion. The other officials were acquitted. (MH 7-10-81)

Michael Piancone, a San Diego businessman, and Salvatore Sollena, a New Jersey businessman, have been arrested following indictments for conspiracy to import heroin from Italy. Piancone allegedly acted as a middleman. No drugs changed hands since Italian police confiscated the shipment. Piancone left New Jersey in 1978 after serving five years probation for conspiring to violate the immigration laws (he arranged a phony marriage to allow an illegal alien to stay in the US). In New Jersey, he became associated with Gambino family members in the pizza business (*San Diego Union*, 6-17-81) One of his business partners, Emmanuel Adamita, was indicted in 1978 with Guiseppe and Rosario Gambino on heroin traffic charges (*Pennsylvania Crime Commission Report*, 1980)

Bolivian General Humberto Cayoja, a member of the ruling junta, acknowledged the upsurge in the cocaine traffic since the coup last July and said that twenty army officers will be expelled for their suspected role in the trade. He declined to name them. (*NYT* 6-21-81)

Harold Keefe, Coral Gables attorney and former assistant US attorney, was arrested for marijuana trafficking in a ring run by Miami businessman Mario Tabraue. (MH 5-27-81) Is this a relation of Guillermo Tabraue, a Miami jeweler who belonged to the Alvero-Cruz organization? (MH 12-11-79)

Bradley Bryant, a leading figure in The Company, indicted twice by a federal grand jury in Fresno for dealing in stolen weapons, was arrested after his first indictment, in Elgin, Ill. while negotiating a huge marijuana deal with undercover federal agents. (CT 5-21-81)

A federal grand jury had indicted nine former Miami homicide detectives for accepting drugs and money from cocaine kingpin Mario Escandar, who once called the officers his "young men or iron." The indictment charges that the group, with Escandar, formed a "racketeering enterprise." (MH 7-14-81)

Edith and Peter Schoor, formerly married, and Peter Paul former Miami attorney, allegedly swapped heroin for a painting by Francisco de Goya valued at \$500,000. The heroin came from Thailand. Edith was a DEA informer who nailed Paul in the \$8.7 million coffee fraud against the Cuban government, for which he was convicted. Paul, former head of the Miami World Trade Center, has also been convicted on cocaine charges. (MH 6-11-81; 4-8-80; 4-10-80)

Aurea Esther Poggio, killed with three others in a duplex equipped to package cocaine, came to Miami from Cuba with Rolando Masferrer, the much-feared former Cuban senator who ran a private army. Poggio joined Masferrer in his notorious, and unsuccessful, 1967 invasion attempt against Haiti. (MH 12-22-80)

Alexander Sinclair of New Zealand, a millionaire drug kingpin, has been convicted in England with four associates for murdering their former partner Christopher Martin Johnstone in 1979. They allegedly killed Johnstone, their main drug supplier, for shortchanging them. (*Kansas City Star*, 7-16-81; *London Times*, 6-14-81; 6-16-81). Alfred McCoy, in *Drug Traffic*, 320-325, discusses the history and importance of the "Mr. Asia" drug ring (as it was called), and I tie it into the Nugan Hand case in my article in *Inquiry* of last November.

"Marijuana grown in Australia and smuggled to Italy is secretly processed by a Mafia drug network and sold on three continents, Italian police claimed yesterday. Australian police have also uncovered evidence of a large-scale drug running operation between Australia and New Zealand, based in three States and possibly linked to Italian secret societies. (*The Australian*, May 30-31, 1981)

US and Italian authorities have broken up what one DEA agent calls "the major organization bringing Southwest Asian heroin into this country through Italy." The group allegedly brought in at least 100 pounds of heroin since 1979. According to one official, "we've connected no Mafia families with the ring in this case." (NYT 6-28-81)

A bumper crop of opium from Southeast Asia threatens to glut US and European markets, the DEA warns. The Golden triangle crop may exceed 650 tons; 5-7% of the 35 ton heroin yield should make it to the US. The top man in the traffic is the leader of the Shan United Army, Chiang Chi-fu. (WP 6-24-81)

A recently concluded FBI sting operation netted 28 people suspected of being drug financiers or smugglers. In Operation Bancoshares, FBI agents posed as launderers of drug money and over the course of two years took in some \$200,000,000 in drug profits. The top suspect arrested in the raids was a former vice president of Continental National Bank, Orlando Arrebola. (MH 8-5-81)

Jimmy Chagra, inside prison a year ago last summer, apparently tried to recruit another inmate to assassinate a witness whose testimony put him behind bars, and to kill Judge Wood, according to the attorney of the would-be hit man who became a government informant. According to this story, Chagra also admitted his involvement in hiring Charles Harrison to slay Wood. (*San Antonio Express*, 5-28-81) But Harrison is defiant. "I want to go to trial and show how the government has bamboozled this case." He charges that corrupt DEA agents are responsible for the death of Wood, the murder of El Paso attorney Lee Chagra,

and the attack on federal prosecutor Kerr. "Lee had the evidence to bust the DEA wide open," he charges, and Wood was looking into the matter. (DMN 6-7-81)

### **Miscellaneous**

An IRS agent spotted Donald Alexander, former IRS Commissioner, flying from Miami to the Cayman Islands on January 10, 1981, flight 247 of Cayman Airways, according to a report reaching Parapolitics/USA. He took no luggage, only a briefcase, and stayed overnight. He met with Bill Everson of the Bank of Nova Scotia. Recall that one of Alexander's first acts on becoming Commissioner was to delete the question on tax forms "Do you have a foreign bank account?" over the objections of the IRS intelligence division.

Alexander was scheduled to speak at an "Offshore Banking Seminar" in Los Angeles and Houston in mid-July on the legal implications of setting offshore accounts. The conference was sponsored by WFI Corp., headed by Jerome Schneider--who was convicted of grand theft from Pacific Telephone in 1972 (WSJ 3-23-81) The conference was publicized in a full page ad in the WSJ (6-15-81) and noted in an article in the Miami Herald (6-21-81) Alexander later informed people that he had backed out of the conference; the speculation is that his law firm sought to avoid embarrassment.

Two Dallas-area businessmen, Dennis Harris and Richard Ivey, have purchased the Cobray anti-terrorist and counterinsurgency school from Mitch WerBell III. Harris first met WerBell when both were engaged in special forces operations in Vietnam. Harris hopes to bring in a lot of Latin American business. (SFC 5-24-81)

A Miami doctor is accused of hiring two hoodlums to terrorize another doctor; the two, who have been charged under the RICO act, are Richard Delgaudio and Frank Boni, Jr. "A bit scary, isn't it," remarked the victim's attorney, "to have a doctor hire hit men." (MH 7-11-81)

Tulsa millionaire Robert S. Sutton, owner of BPM Ltd., an oil marketing firm, is under investigation by the FBI for engaging in a multicompany "daisy chain" transfer of mis-certified crude oil. Sutton complains that the FBI has been after him for six years, because of his acknowledged friendship with Carlos Marcello. FBI leaks indicate that Sutton spoke with Marcello about "breaking the legs" of a witness in the oil fraud probe. Sutton is also the owner of the Xanadu Hotel in Freeport, Grand Bahama, once owned by Howard Hughes. (Tulsa World, 5-24-81; Saturday Oklahoman & Times, n.d., probably 5/23/81)

The West German magazine *Stern* (often sensationalist) says that the private West German rocket firm Otrag signed a secret agreement with Libya to deliver rockets capable of carrying nuclear warheads 4,300 miles. *Stern* says that Otrag has already received \$100 million from Libya. (MH 6 ~ 81) Otrag has previously been the subject of East German disinformation in the pages of *Afrique-Asie*, so it is dangerous to take this report too seriously, though Otrag's testing of rockets on Libyan soil may be cause for alarm.

Thibaut de Saint-Phalle, a Democrat on the Export-Import Bank board, is leaving to join the Georgetown Center for Strategic and International Studies. He was a CIA agent in Indochina, according to French accounts, and an attorney for Lefcourt Realty, headed by Arthur Desser,

who was a board member of the mob-connected Miami National Bank. (*Aviation Week*, June 15, 1981)

Roy Carver, described by UPI as “one of Iowa’s leading philanthropists,” died June 16. (NYT 6-18-81) Some also remember him for the \$1.5 million bribe he arranged in Qatar to obtain an oil concession for his wealthy Georgia partner, R. Eugene Holley (see PPUSA/1)

Former Suffolk County GOP leader Edwin Schwenk was convicted of evading federal income taxes on GOP funds he spent for his own benefit. But he was acquitted of conspiring with mob figure Victor Puglisi to bribe an IRS agent to fix tax cases against Schwenk and Teamster local 282 president John Cody. (*Newsday*, 6-2-81)

Patrick Cunningham, former Democratic chairman of New York state, was indicted on federal charges of tax evasion, perjury, obstruction of justice. He has served on the Democratic national committee since 1972. Previously, charges against him were brought, then dropped, for selling judgeships. (NYT 7-2-81)

A major financial scandal has shaken the Uruguayan regime and left the military so divided that it cannot agree on a plan for the country’s return to democracy. It involves an investment broker whose clients included generals, colonels, and police officials. He apparently lent money to gamblers through employees at many of Uruguay’s casinos and gambled much of it away himself at the roulette tables. When he tried to flee, according to some reports, he was captured, tortured, and killed. Among the officials forced to resign in the aftermath were the minister of interior, commander of the Arms and Service School, the police chief of Montevideo, the ambassador to Paraguay, and half a dozen powerful colonels. (NYT 5-29-81)

The Justice Department is pursuing its corporate bribes case against McDonnell Douglas for payoffs made in Pakistan, allegedly to Prime Minister Bhutto’s cousin, Ashiq Bhutto, who was the family’s “property manager.” MD is being represented by Clark Clifford; prosecutors charge that MD attorneys met with Justice Department officials in an improper attempt to settle the charges. (WSJ 6-25-81)

According to the London-based *African Business* (June) and to *Australian Business* (May 7), Soviet authorities have been meeting secretly with representatives of South Africa to carve up and control world markets in gold and other precious metals and gems (cited in *Atlas*, July and August 1981).

While former Tennessee Governor Ray Blanton was hearing final arguments in his extortion case (which he lost), his uncle Jack, a building contractor, was in another courtroom awaiting sentencing for rigging bids on state highway contracts, and in a third courtroom Blanton’s brother was filing motions for his forthcoming trial in the same bid-rigging scheme. He has already been convicted of income tax fraud. (NYT 6-4-81)

Jose Manuel Casanova (PPUSA/1, p. 10) has been nominated to head the governing board of the Inter-American Development Bank, winning praise for Reagan from Cuban-Americans (MH 5-27-81)

The Christian League of Southern Africa, set up in South Africa in 1974 to counter the World Council of Churches' pro-liberation movement propaganda, received pre- and post-Muldergate funds from the South African government. It has recently backed negotiations to buy the British weekly Christian World, an ecumenical paper based in Oxford. (*New Statesman*, 5-29-81)

Radio interview personality Larry King went bankrupt leaving a third of a million dollars in debts. Creditors include Ellis Rubin (the Alpha 66 attorney) and Louis E. Wolfson, who had King arrested for allegedly stealing \$5000 in a ripoff involving Jim Garrison who was then conducting his inquiry into the JFK assassination. (*Tropic* 7-12-81)

An article by the London Guardian's Brazilian correspondent, Bernardo Kucinski, claims that Brazil sent secret shipments of uranium dioxide to Iraq as the first step in a secret program of nuclear cooperation. Although the Brazilian newspaper *O Estado de S. Paulo* confirmed the story, the Brazilian government heatedly denies it and accused Mossad of inventing and then planting the story as black propaganda with the Jewish Kucinski. But independent observers believe the story. (LAWR 6-26-81)

John Muir & Co., a brokerage firm that has just collapsed, was headed by Raymond L. Dirks, the former insurance stock analyst who first broke the Equity Funding scandal in 1973. In 1980 Dirks was involved with Jay Sarno, the Las Vegas developer with ties to shady casinos (Caesar's, Circus Circus) who wanted to float a gigantic stock offer to develop the world's biggest hotel-casino. The deal fell through. (LAT 7-20-81)

New publications of interest: Warren Hinckle and William Turner, *The Fish is Red* (Harper & Row), the first comprehensive account of the CIA's secret war against Castro; *The Investigator* (\$18/year), a slick magazine published by Jack Anderson, distributed at newsstands; the first issue is awful but it may improve, and should provide a good outlet for hungry freelance investigative reporters; finally, a double issue of *Bulletin d'Information sur l'Intervention Clandestine* (BIIC) has appeared, chock full of good articles (for those who read French) on the CIA in the Indian Ocean; the Guatemalan operation of 1954; an overview of the entire French intelligence community; book reviews; naming names; and intelligence operations in progress. (see ad in PPUSA/1)

## The Friends of Michele Sindona

By Kevin Coogan

On October 24, 1944, the Office of Strategic Services (OSS) distributed “a copy of a report received by the communists in Rome from a member of the Communist party” which had been passed on to the OSS.(1) The two-page report (which was declassified in 1975) begins:

1. It is reported reliably that the reactionary monarchist forces, which in alliance with the highest exponents of Italian plutocracy (industrialists, businessmen, large property owners, shareholders, etc.) are beginning to fear for their personal safety and that of their capital, are about to gather their strength into a new organization under the direction of the Italian Grand Orient, with the approval and probably the aid of the British Universal orient. The program of the organization will be:
  - a. To act upon the international and internal diplomacy so as to be able to control the governments and eventually overthrow and change those which show to be favorable to the Communists;
  - b. To finance bands of murderers, made up of Nazi Fascist remnants and professional gangsters, and set them on Communists;
  - c. To have these bands commit acts of terrorism against high officials and against the civil population in general and, through the use of false equipment and insignia, have the blame fall on Communists ...
  - d. To form, in full agreement with the ecclesiastical authorities, new parties, to finance the already established parties which are inimical to Communism and have them conduct propaganda campaigns against Communism) and to create confusion and separation in the ideological field.

About the same time this document was being disseminated by the OSS, certain leading industrial circles in Italy began acting on the above program.(2) One man key to this effort was Franco Marinotti. Head of the Italian textile giant Snia Viscosa, Marinotti was identified in the OSS document as a key figure involved in planning the “new organization.”(3) Marinotti’s concern with the future direction of Italy led him, in November of 1944, to journey to Berne, Switzerland to discuss the situation in Italy with high members of British and American intelligence. Operating with the approval of SS police general Wilhelm Harster, Marinotti’s main objective was to attempt to negotiate a separate peace with the allies. Using the “threat of Bolshevism” as their calling card Marinotti and his sponsors were concerned with preserving Italy’s northern industrial base from a protracted war.(4)

Marinotti was selected for the mission because of Snia Viscosa's close financial relations with British financial institutions before the war and with Hambros bank in particular. The head of the British intelligence special Operations Executive (SOE) was Sir Charles Hambro and Marinotti made contact with Sir Charles' chief man in Berne, SOE executive officer John McCaffery.

Despite his mission to Berne Marinotti failed to win any allied commitment for a separate peace. However, in other ways Marinotti was spectacularly successful. Marinotti's mission helped lay the basis for a post-war linkup between representatives of high finance (both Italian and Anglo-American) and groups of monarchists, clerics, rightwing freemasons, gangsters and intelligence agencies which continues to bedevil Italian politics to this day. For out of the interconnections between these various groups there emerged the Sicilian "banker" Michele Sindona who also happened to be the personal protege of Franco Marinotti.

### **Power, Italian Style**

Michele Sindona was for many years a *very* busy man. His activities allegedly included (among other things) plotting with the CIA to launder money for the Greek Colonels' coup, running drugs and serving as a top financier for the international mafia, aiding NATO-backed fascists in their attempt to carry out a "strategy of tension" for Italy and allegedly plotting to collapse the lira as part of that strategy, doctoring the books of innumerable banks and offshore financial enterprises under his control, ordering the successful assassination of at least one man, serving as a key member of the rightwing masonic P-2 lodge and (according to Sindona himself) working with the Pentagon to separate Sicily from Italy should Italy threaten to go communist.(5) [Ed. note: most informed Italian observers doubt this last claim.] All this however was not enough for Sindona, who must be the Horatio Alger of post-war Italian parapolitics. Along with his other duties Sindona for much of this time also managed the financial portfolio of the Vatican, which is one of the wealthiest and most powerful institutions in the world.

Small wonder then that at the height of his power "Sindona's aura was such" than an English banker "who returned to his Milan hotel after a day's tough talking with Sindona" was so unnerved that when he got to his hotel room, the banker crawled on his hands and knees to the window and closed the curtains, only then did he stand up and turn on the light. Although "no threats had been uttered, nothing improper said" Sindona's power was that terrifying.(6) All and all it was not bad for an obscure peasant boy from Sicily with a head for figures.

We cannot yet say if the Michele Sindona story has its real origins in Sicily. While a young man there Sindona began his career by dabbling in the large black market which had sprung up under the

Allied Occupation of Sicily. With the Occupation came mobsters like Vito Genovese who now were playing an important role reorganizing various gangster syndicates under the auspices of Allied intelligence. Although it is more than possible that Sindona was first “talent spotted” in Sicily as of now no one can really say for sure.(7)

By the time he was 26, however, the outlines of Sindona’s future were already becoming clear. Enrolled in the University of Milan to study tax law, Sindona met Raul Baisi who went on to become one of Sindona’s lifelong “friends.” Baisi, a tax lawyer for Ernesto Moizzi’s exclusive Milan-based Banca Private Finanziaria (BPF), introduced Sindona both to Moizzi and to BPF’s chief client.(8) That man happened to be Franco Marinotti, the head of Snia Viscosa. When Ernesto Moizzi retired from BPF in 1960 it was Sindona and Marinotti who jointly took over control of the bank.

It was during this same period that the youthful Sindona first began to make real inroads into the Vatican. In 1958 Sindona first met Prince Massimo Spada, head of the Vatican’s Istituto per le Opere di Religione (IOR). Spada also happened to be a director of Snia Viscosa.(9) A leading Vatican financier, Spada became one of the top members of the Sindona empire. On October 2, 1980 Prince Spada was jailed as part of an ongoing Italian police crackdown on the Sindona financial group. In the late 1950’s, however, Spada was riding high. A member of the Pontifical Black Nobility, Spada “had access to the chambers of the Vatican by right of birth.”(10) Sindona ostensibly approached Spada to get information about a 51% Vatican controlled Swiss bank called Banco di Roma per la Svizzera which Sindona was interested in. By 1960 Sindona reapproached Spada and the banker agreed to Sindona’s and Marinotti’s offer of a Vatican majority interest in BPF. In return the Vatican put up 20% of the financing which Sindona used to acquire Finabank of Geneva. Along with Sindona’s takeover of the Sicilian Banco di Messina, the grounds were being laid for the fantastic network of off-shore (IOS-style) financial institutions which Sindona used with such skill in his money laundering and currency speculation operations.

In 1964, however (for reasons which we will examine later) Sindona’s rise was seriously threatened when Prince Spada was ousted from his position in the IOR.(11) Shortly thereafter the IOR pulled its money out of BPF. It was at this crucial point that Marinotti first introduced Sindona to John McCaffery, the former Berne SOE man whom Marinotti had met in 1944. Now McCaffery was the top Hambros man in Italy, a country whose very formation Hambros had underwritten at the time of the Risorgimento. World War II did not prevent Hambros from renewing its close relations with Snia Viscosa which was one of the British bank’s oldest clients. In 1964 the Hambros-Sindona alliance was sealed when Hambros acquired 25% of BPF and McCaffery and another ex-SOE man named Harry Sporborg entered BPF’s board.(12)

In the late 1960's the powerful financial and political network that Sindona had created would play an active role in promoting the now infamous "strategy of tension." The strategy involved the deployment of bands of "ultra-right" and "ultra-left" terrorists throughout the country.(13) These groups were to be employed in spectacular acts of terror aimed at increasing the general population's sense that legal order was breaking down. This climate of crisis would lay the basis for popular acceptance of a NATO-backed military/technocrat coup to restore law and order. Such a government would then be in a position of much greater strength than a parliamentary regime to check what was perceived as the real danger in Italy, the increasing strength of the Italian Communist Party.

In the early 1960's however Sindona and his friends became preoccupied not with the "strategy of tension" nor really with Italy itself. Rather, for many different reasons (not the least of which was an attempt to increase their influence and control over former Nazi networks) Sindona became involved in planning a coup against another state, a state which in certain respects was far more powerful than Italy itself. That coup came to partial fruition in the middle of 1963 when the previous head of state of the targeted country died and his Sindona-Hambros supported successor came to power. The dead man's name was Pope John XXIII, his successor was named Pope Paul VI and the state in question was called the Vatican.

### **Big Deal on the Via Condotti**

In the late 1950's the Catholic Church was in a state of crisis as Pope Pius XII slipped further and further into senility. According to Paul Johnson:

Pius had a very serious illness in 1954 and, though he recovered, his eccentricities became much more pronounced in the last years of his life, and his style of government more Byzantine and weird. He had seen his first 'visions' on three consecutive days in the autumn of 1950, but after his illness his belief in personal miracles became more insistent and their occurrence more frequent. In the last four years of his life he rarely saw the heads of the government departments, though he occasionally phoned them, they would hear 'Qui parla Pacelli (Pacelli speaking),' followed by a long recital of grievances, reproaches or instructions and then the pope would hang up before they had a chance to reply or explain.(16)

Even as a younger man however Pius was pretty weird. Throughout his career Pius XII exhibited an uncanny ability to rub shoulders with some of the worst scum on earth. In 1922, for example, Pius, as Papal Nuncio to all of Germany, attended an NSDAP meeting in Munich to hear a then obscure, young speaker named Adolf Hitler.(17) The main problem with Pius was that he:

could not, or would not, or at all events did not distinguish between the Nazi regime and the German people. He viewed with dread the prospect of a Europe in which the German state was shattered, and the German people - as he saw it - powerless to uphold Christian civilization. His second reason, of course, sprang from his fear of a German defeat; the prospect that Soviet Russia would move into the vacuum left by the collapse of German power. What he hoped to see was a German defeat of Russia followed by a peace in which the Nazis compromised with the more conservative elements in Britain and the United States.

Pius, in fact, completely misjudged the war . . . Pius XII represented the culmination of the Pio Nono (Father No, No, the Italian population's satiric nickname for Pius IX) tradition, the repudiation of the modern world in all its aspects, political, social and moral. In political terms this meant adamant resistance to communism, socialism or any philosophy which whatever its other merits, had a basis in materialism.... It was never quite clear whether Pius would have given moral support to the ideology of rollback as it was called had the U.S. and other Western governments put it into operation. But this was the drift of his thinking - a capitalist-Christian crusade against Communist atheism.(18)

As a result of this policy the Vatican gave full support to various Nazi thugs, helping them (through a series of Vatican safe houses) to escape to Latin America and the Middle East. Instrumental in that process were members of an organization called the Sovereign Military Order of Malta (SMOM). Made up largely of members of the Roman aristocracy (and with various divisions in other countries as well) the SMOM was established by Pope Pius VII on February 9, 1802, as the legitimate successor organization to the legendary Knights of Malta.(19) (The Knights had been broken up a few years earlier by Napoleon who had some support from within the Knights himself. The fanatical wing of the Knights fled at that time to Russia where they were protected by Czar Paul I.)(20)

Because of the SMOM's dual claim to be both a government and a papal order, the SMOM could (and does to this day) issue its own diplomatic passport which the many governments that recognize the SMOM acknowledge. The SMOM (in alliance with the International Red Cross, which was dominated in many sections by SMOM members) played a leading role in supplying Vatican passports to fleeing Nazis.(21)

The SMOM as an organization however was divided internally (as was the Vatican itself) about the future orientation of the Catholic Church. Very broadly speaking the entire church was split between *two* competing factional groups, groups which had been in visible opposition to each other from at least the middle of the 19th century.

A good introduction to the debate can be found by examining the divisions in the Vatican over England. From the mid-1600's onwards certain groups in the Vatican argued that England controlled international freemasonry (both the Grand Orient and the Scottish Rite factions) and used the freemasons to destroy the Vatican's secular power. For example, it was the British-financed Risorgimento which stripped the Vatican of the Papal States. The British in turn were said to be manipulated by "German Jewish bankers" who somehow controlled the British monarchy. These bankers were (quite literally) "agents of Satan" who were involved in an active conspiracy to destroy the Church. (This is the origin of the Vatican support of Leo Taxil in the famous nineteenth-century scandal.)(22)

In order to "liberate" England this group attempted both to weaken the British Empire while at the same time trying in a political way to increase its factional power inside England. The main sponsor of such a view in the Vatican from the late 1800's onwards was Cardinal Merry del Val (bn. 1865), one of the least recognized and yet one of the most important men ever to occupy a position of power in the world.(23) Del Val's personal protege, long time personal secretary and heir was Don Nicola Canali, a member of one of the oldest patrician families of Rieti.(24) By the mid-1950's the now Cardinal Canali stood at the center of a group of three men (nicknamed "the Trimurti"--Holy Trinity) who significantly dominated Vatican finance.(25)

Under del Val, the Catholic Church took a bitter stand against all change. During the reign of the del Val-dominated Plus X (whose secretary of State was del Val) the Church even went so far as to excommunicate the House of Savoy both for its crime of secularizing the Papal States and its general position as "frontmen" for the British.(26) During this time the Vatican war against international freemasonry was at a height unrivaled until the Nazi era. The del Val group was identified with the "ultramontane" wing of the Vatican.(27) After an unsuccessful ultramontane-backed assassination attempt against his life (at Kissingen) Bismarck launched his Kulturkampf against the Catholic Church and banned the Jesuits.(28) Both Bismarck and other heads of state across Europe were enraged by the ultramontane-backed 1870 Vatican council declaration on the "infallibility" of the pope, which was done in part to reinforce Vatican control in secular affairs.

Underpinning the del Val faction in its struggle for power was one of the most sinister intelligence [organizations] ever created. In the early 1900's del Val organized a secret group in the Vatican called the Sodalitium Pianum (sodality of Pius) and nicknamed La sapiniere. Its organizer was Msgr. Umberto Benigni, a former professor of Diplomatic Style at the Pontifical Academy, and a creature of del Val's at the Secretariat of State. Benigni was a fanatic, who believed in the existence of a "Modernist conspiracy" plotting to engulf the church for diabolical purposes.

The very name “Sodality of Pius” gave away the real beliefs of the group for it was named *not* after Pius X but rather after Pius V (1566-1572). This pope (a former Dominican prior who was Pope Paul IV’s first Grand Inquisitor and the creator of the Congregation of the Index) on February 26, 1569, expelled all Jews from the pontifical estates. He also was the pope who ordered all Jews to wear yellow signs to identify themselves, a practice Nazi Germany also adopted.(30)

In the 1930’s the various parts of the del Val network (which included the Falangist/Carlist groups in Spain, the Catholic integralist-Vichy groups in France and the [Nazi escape] networks linked to people like Austrian Bishop Hudal) were united with the Nazis on “the Jewish question.” Their main objection to Hitler was his off/on attempt to create a pagan-Nordic belief system to compete with the teachings of the Church. These objections however did not interfere with (for example) members of the Catholic French ultra-right from turning over their files on “Jews” and “freemasons” to Nazi intelligence after the conquest of France. The activity of this group, its hatred of England etc. led H.G. Wells to pen *Cruix Ansara*, his last wartime book, in which he pleaded with the Allies to put the Vatican on their bomb targets.

In essence the del Val network stood for those forces in the nobility of Europe and their landholder and military allies who feared the development of nineteenth century capitalism would threaten their power. From this point of view the freemasons (of whatever stripe) and the Jews were seen as the shock troops of “materialism.” Prince Otto von Bismarck summed up this group as being made up of “honest but unskillful gendarmes with spurs and calvary sabers (who) followed shrewd and light-footed priests through back-door and bedroom.”(31) In the pre-World War I period the two lynchpins of the del Val faction were sections of the Austro-Hungarian and Czarist Empires. To this day there still exists a third group of the Knights of Malta (who trace their modern origin to Czar Paul I but are now based in the United States), which continues to function as the old del Val groups’ major private military/intelligence agency. They are also bitter opponents of the SMOM and claim that it is an illegitimate group which has been infiltrated” by freemasons.(32)

The del Val group’s main opposition inside the Vatican was led by del Val’s arch-enemy and the Secretary of State to Leo XIII, Cardinal Mariano Rampolla. It was Rampolla who negotiated the end of the German crackdown on the Catholic Church under Bismarck and who fought to rein in the ultramontanes who he saw as wrecking the Church. Because of his efforts Rampolla became identified with the progressive or modernist movement in the Catholic Church. The Rampolla faction had two popes in the twentieth century, Benedict XV and John XXIII.(33) For his troubles Rampolla was denounced by *sodalitium pianum* for being (among other things) a “freemason” and a follower of Alister Crowley.(34)

By the late 1950's the major opponent of the del Val - Canali axis was the then Cardinal Roncalli who in 1958 became pope John XXIII. As the power struggle over who would succeed Pius XII intensified in the mid-1950's both the Canali group and Roncalli, as the heir to the Rampolla tendency, began looking for allies. In this struggle both groups turned towards the SMOM. With assets of at least \$400-\$500 million and control over thousands of acres of real estate the SMOM could not be ignored.(35)

In his bid to control the SMOM Canali made a fatal blunder as he attempted to wield crude curial power to directly deny the order the independent rights of a sovereign state. Canali insisted that the curia and not the knights themselves had the right to appoint the new grandmaster of the organization. In the midst of the argument the then-grandmaster of the SMOM, Prince Chigi Albani della Rovere, died and Canali blocked the choosing of a successor. As head of the "Trimurti," Canali clearly wanted to subordinate the SMOM's vast wealth under his control.

Canali's attack on the SMOM had strong American support in the person of Cardinal Spellman. Spellman was a protege of William Cardinal O'Connell of Boston who in turn was an "old and cherished friend" of del Val who had used him on intelligence missions.(36) The Irish composition of much of the American church almost axiomatically predisposed it to favor *any* group with a grudge against the English. In the late 1950's, Cardinal Spellman as Canali's agent in America successfully split the U.S. branch of the SMOM from the Roman group. Instead of American funds reaching their destination at the SMOM's headquarters on Rome's Via Condotti they were diverted by Spellman into Canali's coffers.

In Canali's struggle over control of the SMOM he "exposed" the fact that the head of the French branch of the SMOM, Baron Marsaudon, was in fact a 33° mason and member of the Grand Council of the Scottish Lodge.(39) Canall forced Marsaudon to step down and used the "scandal" to embarrass the SMOM.

It was in the midst of such goings on that the SMOM found a friend in Cardinal Roncalli, then Papal Legate to France and the man who in 1958 (at age 77) would become Pope John XXIII. Roncalli, a remarkable man who spent much of his career after the downfall of the group around Benedict XV in exile due to his hatred of Mussolini, was sent to France after World War II precisely because of his anti-fascist record, (The earlier Vatican group in France had been totally discredited due to their open support of Vichy.)

The "expose" of Marsaudon's masonic ties only made Roncalli firmer in his desire to heal the separation between Catholics and Freemasons. In this Roncalli followed the lead of Rampolla himself who in the late 1800s tried to restore Vatican relations with the strongly masonic French government.

(Like Rampolla, Roncalli was somewhat of a Francophile.) In fact it was Roncalli who personally approved Baron Marsaudon as the head of the French SMOM. Marsaudon in turn got the French government to re-recognize the SMOM as a sovereign government.

Roncalli further ingratiated himself with the SMOM when he used his diplomatic connections to help bail the SMOM out of an otherwise disastrous wheat deal which the SMOM had contracted with the Peronist government of Argentina. For the SMOM, Roncalli's hard line opposition to Cardinal Canali along with his advanced age argued strongly for SMOM support. As a transitional figure Roncalli could help the SMOM in ridding the curia of fanatics like Canali and thus increase the power of the anti- Canali group in the SMOM. At the same time Roncalli's age would stand in the way of his making any radical changes in the general orientation of the Vatican. Or so it was thought and as a result of these considerations important sections of the SMOM sided with Roncalli which enabled him (along with other support from different church circles) to sneak into power after years of exile.

#### Enter Sindona

In September 1958 in the town of Bubikon, in the middle of the Swiss countryside, a new "ecumenical" movement gathered strength. The various divisions of the Knights (with the exception of the fanatical Russian branch) met to plan their future. Leading the Anglican version of the Knights, known as the Most Venerable Order of St. John of Jerusalem (MVO), was its Lord Prior Lord Wakehurst. After World War II Wakehurst led an attempt to reach some kind of understanding between the Anglican Knights and the Catholic SMOM. As the official history of the MVO relates:

It was the occupation of Italy by the Allied forces towards the close of the Second World War that brought about a change of heart in Rome owing to the circumstances that various members of the Venerable Order serving in that country had been able to be helpful in different ways to members of the Sovereign Order. By 1945 sufficient contact had been established for the Grand Master, the late Prince Chigi della Rovere Albani, to intimate that a Special Mission from the Venerable Order would be welcome at the palazzo Malta. The task of seeking to consolidate on a firmer basis the relations thus happily being renewed was entrusted to Sir Harry Luke, who found the Grand Master and his Council favourable to a rapprochement. Among the Mission's concrete achievements was His Most Eminent Highness's declaration that he 'would greatly welcome the appointment of a Liaison Officer between the British Order of St. John and the Grand Magistracy of the Sovereign Military Order of Malta.' A liaison office was consequently appointed. ... From 1945 onwards relations continued to develop under the stimuli of Lord Wakehurst's visit to Prince Chigi in 1949

and to his ultimate successor, Fra Angelo di Mojana, in 1965 - ultimate because eleven years elapsed between the death of Prince Chigi in 1951 and the election of his successor in 1962.(40)

That 11-year gap of course was caused by Cardinal Canali's attempt to get himself appointed Grand Master of the Order or to dictate the choice of the Grand Master.

Prince Massimo Spada, although to the best of my knowledge not a member of the SMOM, was a backer of the SMOM's ecumenical position and had close ties to the SMOM through Spada's position in the SMOM-Italian Red Cross.

The British and other Protestant versions of the Knights had strong freemasonic representation on them, more damning evidence for Canali. Yet far from being "radicals" the role of especially British and Scottish Rite masonry had largely been strongly supportive of a rabidly conservative order. It was Italian freemasonry which gave all-out support in fact to Mussolini's rise to power as did the House of Savoy. Mussolini also had strong backing from leading British conservatives like Churchill - a fact which caused some embarrassment later on.(41) These same circles also showed considerable sympathy towards Adolf Hitler, a support most evident in the Duke of Winsor's famous meeting with Hitler. Precisely because of the ultra-conservative nature of many of the Anglican and SMOM members they formed a barrier to much of John XXIII's reform plans. Although John XXIII was in many ways in a weak position in regard to the internal politics of the Vatican itself, he did maintain ties with a very important group in the Italian bourgeoisie. Many members of this group were not members of the SMOM precisely because of that organization's reactionary proclivity.(42) Some, men like Enrico Cuccia, Ugo La Malfa, Riccardo Lombardi and Raffaele Mattioli, had been active in the anti-fascist Partito D'Azione during the war. (In a bitter affidavit in support of Michele Sindona given in 1976 John Me Caffery talked of a cabal of "leftwing oriented bankers" who poisoned Sindona's relationship with Hambros and who forced Jocelyn Hambro out of power. Two of the culprits named directly by McCaffery were Enrico Cuccia and Ugo La Malfa.)(43)

Under John XXIII the influence of this group was reflected in Vatican policy as John XXIII, an anti-fascist during the war, found his natural allies. Indeed "in his more general views of international affairs" John XXIII (writes Paul Johnson) "would certainly have been condemned by Pius XII as an unconscious ally, if not an active agent, of the Communist conspiracy against the Catholic Church."(44)

John XXIII's policy raised more than a few eyebrows when on March 7, 1963, he invited Aleksei Adzhubei, then the editor of *Izvestia* and Khrushchev's son-in-law, to a papal interview. John arranged the meeting in the hope of having Khrushchev himself visit the Vatican, and in the weeks before his tragic

death John was busily studying Russian. In essence John XXIII was part of the same tendency in Italian politics that also created Enrico Mattei who (before his murder) was (as Italy's Oil Minister) actively working with the Soviet Union to have it supply oil to Italy in an attempt to undercut the Seven Sisters. Mattei's oil empire, ENI, had in fact been first created thanks to the role of Raffaele Mattioli, a Partito D'Azione member and the head of Italy's enormous Banca Commerciale Italiana (BCI). Mattioli also created Mediobanca which was headed by Enrico Cuccia, one of Sindona's bitterest enemies.(45)

The death of Mattel in 1962 combined with John XXIII's death on June 3, 1963, and the assassination of John F. Kennedy on November 22, 1963 greatly weakened (but did not destroy) the motion unleashed under John XXIII. In John's place, Cardinal Montini was now raised to Pope Paul VI. Paul VI in the 1950's served as one of the SMOM's most important "moles" inside the Vatican itself. For his part in aiding the SMOM in its fight against Cardinal Canali Paul was literally exiled from the Vatican in 1954.(46) Paul was also a personal friend of Michele Sindona and had been since the late 1940's when both men were, in Milan.(47)

Under Paul VI John XXIII's programs began to be modified. Most important, Paul VI vacillated over a proposal declaring the Jews not responsible for the death of Christ, a proposal that John XXIII had strongly supported. Like his supporters in the SMOM Paul VI was more concerned with using the Vatican ultraright rather than purging them and as a result the Vatican resolution on the Jews was watered down. (Paul VI's weakness to the ultra-right was also demonstrated in his inability to crack down on Archbishop Lefebvre.)(48)

Paul VI's personal weakness however also ensured that the group associated with John XXIII could also hold on to some factional power. That they did was evidenced in 1964 when Prince Spada was purged from his position in Vatican finance and forced to leave the IOR. The IOR shortly thereafter pulled its money out of Sindona's BPF.

Spade's setback however was the last bit of bad news the Sindona group would receive in quite a while. After being ousted Spada joined Sindona's growing network of companies. Also in 1964 Hambros directly (under the direction of John McCaffery) joined the Sindona alliance as Hambros acquired 25% of BPF, filling the Vatican position. Both McCaffery and another ex-SOE man named Harry Sporborg joined BPF as well. In 1965 Continental Illinois, led by David Kennedy, entered the picture when it acquired 15% of BPF. Kennedy, a fervent Mormon, had long-suspected intelligence connections and his bank was accused of sending money through Sindona's banks as part of a CIA-backed attempt to launder money to the Greek colonels *before* the 1967 coup.(49) Kennedy later became Secretary of Treasury

under Nixon and later U.S. Ambassador to NATO, also during the Nixon era. Kennedy's entrance to Sindona's empire strongly suggests that certain elements of American intelligence decided to "invest" in Sindona, a man who they had been watching since 1959 when William B. Lonam, a CIA man working undercover in the Milan consulate, first began compiling reports on Sindona.(50)

Kennedy also had his own "mole" in the Vatican, Bishop Paul Marcinkus who was an old friend of Kennedy's (both men were from Cicero, Illinois) who went from the Harvard Business School into the world of Vatican finance, A large man, Marcinkus also doubled as one of Paul VI's bodyguards and thus created a dependency relation in Paul's mind, a relation strengthened by Marcinkus' attempt to block an assassination attempt against Paul VI. By 1968 Marcinkus had taken over Spada's old post at IOR. Despite objections from other Vatican financial experts (such as Cardinal Sergio Guerri) over the shady nature of Sindona's economic methods, Marcinkus and his allies rolled out the red carpet for Sindona. In 1969, with the support of Paul VI, Michele Sindona became the manager of the Vatican's financial empire, one of the largest in the world. Although he did not know it then Michele Sindona had reached the high point of his power.

### **THE STRATEGY OF TENSION**

From his position of power Sindona functioned as a banker for countless black operations launched by the CIA and British intelligence, including the conduiting of funds to forces in the Italian rightwing. These activities were almost minor compared to Sindona's real ambitions. As part of his financial shell game Sindona (like his American counterpart Robert Vesco) was forever facing the need to continually loot each company he took over in order to keep the entire paper empire solvent. In order to secure access to quick cash, Sindona (after the August 15, 1971 decision by the Nixon administration to allow the dollar to float) became caught up in currency speculation of an almost unimaginable scale.(51)

For economic reasons then Sindona was driven to expand. (Sindona in fact became so involved in this complex world that he would literally be unable to sleep for days on end.)(52) As part of his empire drive he attempted (with the support of Hambros and a German bank) in 1972 to acquire Bastogi, Italy's number one holding company. As Sindona already owned S.G.I., the biggest construction company in the world, control over Bastogi would make his paper empire that much more awesome.

At this point almost all conventional accounts about the Sindona empire agree. Enrico Cuccia began organizing a campaign to stop Sindona. As part of that campaign the Governor of the Bank of Italy, Guido Carli, visited Jocelyn Hambro--then still chairman of Hambros--and advised against Hambro's support of the deal. Convinced by Sindona that his financial power was strong enough to override Carli

and Cuccia, Hambro refused to pull out of the deal. At that point Hambros experienced an internal coup and Sir Charles Hambro replaced his cousin.(53)

Yet the financial infighting was only part of the story. In order to understand the full story, one must not focus so much on Sindona himself but rather on Sindona's assigned role in a much larger power game. In simple terms the financial fight which was first seen in the early 1960's inside the Vatican and which was reflected in the nature of the reigns of Pope John XXIII and Pope Paul VI was now being played out on the political stage with deadly results. Sindona both as a product of one of the factions involved in this fight and for his own internal financial reasons was driven to play a major role in this fight.

In the late 1960's there was a major attempt by certain factions in American and British intelligence (with backing in finance and military circles as well) to take Western Europe in particular into a right-wing power shift.(54) In essence the same circles involved in various attempts on Charles De Gaulle in the early 1960's and who benefited from the Mattei killing began a power grab on an immense scale. The scope of the drive was recently alluded to by British Labor Prime Minister Harold Wilson who recently reported that he had to call in MI-5 to prevent a group of plotters who wanted to put Britain under military-style rule. (The plotters even got so far as to raise the question of a coup with Lord Louis Mountbatten.)(55)

In the early 1970's this group had two successful coups to point to. One was the NATO-Nixon-Agnew-Tom Pappas supported colonels' coup in Greece. The other was Chile. The Chile experience was extraordinarily relevant to Italy for a number of reasons. A Communist-Socialist backed government had come into power through parliamentary means. The Catholic Church in Chile was clearly split between groups backing a military coup and those committed to maintaining a parliamentary regime. In many ways Chile's experience served as a potential model for what could happen in Italy.

The U.S. decision to support the coup was strongly backed by the American branch of the SMOM, which was strongly dominated by rightwing business men.(56) The most notorious example of this was the role played by J. Peter Grace, President of W.R. Grace and Company, a board member of Kennicott Copper, a director of CIA fronts like the AIFLD and Radio Free Europe, and the head of the SMOM in the United States. Citibank, a company also heavily involved in the Chile coup as well as in South Africa, was also strongly represented on the board of directors of W.R. Grace and Company. These networks used organizations of right-wing freemasons in Chile to help distribute funds and to destabilize the Chilean economy.

As the right wing grew increasingly strong in America during this period, Sindona was using the financial resources of the Vatican to invest funds in America and out of Italy. Italy itself was also to be slated for “destabilization” not investment. As part of the general plan for Italy, men like Ambassador Graham Martin were brought in to help plan the coup. Martin (who left Italy to become the last U.S. ambassador to Vietnam) worked closely with Sindona to funnel, money into rightwing Italian political and intelligence circles, much to the horror of even the CIA Italy station chief.(57)

Martin’s replacement in Italy, John Volpe - a personal friend of Sindona - is generally not considered as dirty as Martin. What is not understood however is that because Martin was so blatant in his acts his successor had to have a cleaner profile. What in fact happened was that the real coordination for coup operations shifted to Switzerland where Nathaniel Davis (the U.S. Ambassador to Chile during the coup) had been reassigned by Henry Kissinger.(58) In the fall of 1976 the Italian magazine *L’Europeo* exposed Davis as trying to organize a massive support network for the terrorist destabilization of Italy. The various attempts at destabilizing Italy were all aimed at forcing a coup which would shift Italy from a parliamentary to a “French”-styled presidential government. The central front man for the coup plot which was set to take place in 1974 around Italy’s crucial divorce vote was Count Edgardo Sogno, a fanatical monarchist military officer who after the fall of Mussolini was sent by the Italian government to Berne, Switzerland where (like Marinotti) he established ties with Allen Dulles and the SOE officer who would become his wartime controller, John McCaffery. During this period Sogno discovered that he was a “liberal.” In 1951 Sogno became a member of NATO’s planning coordination group and from that moment on he never left the orbit of NATO and the rightwing of American and British intelligence.(60)

Sogno was fronting for a group which included the P-2 lodge and Sindona itself. They tried to present themselves as the men who would restore order to an Italy torn by acts of terror that this very same group had been organizing. The plot fell apart in mid-July of 1974 oven for tactical reasons men like SMOM member Guilo Andreotti(61) partially helped abort the plot as part of a “damage control” operation. That was due mainly to the fact that the chief backers of the plot in America were being driven out of office at the very same time.(62) Once Sindona could not get by parapolitical means what he economically needed to maintain his massive economic operation the end was near.

It should also be noted that the supreme irony of the entire “strategy of tension” was its justification as a necessary step to prevent a PCI-”Soviet” takeover of Italy. If anything it now appears that the Soviet Union itself was all too willing to help the coup plotters.

In the mid-1970’s Moscow’s view of the downfall of Nixon was that it was a “conspiracy” by

the “Eastern Establishment” to hinder a “true friend of detente.” The Soviet Union amazingly enough was also one of Sindona’s key financial allies. In the spring and summer of 1973 when the dollar was falling Sindona made the now disastrous decision to bet on the dollar against the lira. [Ed. note: this effort had the effect of undermining the Italian economy and thus furthering the scheme of the Sogno-Sindona-Rosa dei Venti coup plotters.] Along with the Vatican none other than Moscow Narodny Bank joined Sindona’s syndicate in their political and economic vote of confidence in America in general and Richard Nixon in particular!(63)

Moscow’s ties with Sindona in fact went far deeper than even this.(64) Sindona’s mentor Franco Marinotti in fact maintained the closest possible economic relations with the Soviet Union and was one of the men who in the 1930’s kept Soviet-Italian ties strong. (Throughout the 1930’s the Russians supplied major amounts of oil to the Mussolini government.) Marinotti had a standing invitation to visit the Kremlin which he did quite often. Marinotti’s death in the early 1960’s occurred when while visiting Nikita Khrushchev he fell down some steps in the Kremlin and hurt his head. The aged financier was flown out of the Soviet Union to a top hospital in Europe but a few days after the fall Marinotti died.

In the early 1970’s Moscow’s position was filled with many contradictions yet it seems undeniable that the Kremlin was willing to play some pretty dirty games. The principle dirty game was against the growth of “Eurocommunism” in Europe which was seen as an attempt by certain forces in Europe to split the Communist Parties from Russian control. The PCI ever since the time of Palmiro Togliatti was seen as a prime breeding ground for this heresy. In truth it was the actions of men like Ugo La Malfa (who as head of the Republican Party had long supported PCI participation in the Italian government) who in the eyes of Kremlin hardliners fed the PCI’s “parliamentary illusions.” This same image of the PCI as hopelessly reformist is of course massively promoted by the ultras in the Italian leftwing and most especially by the “Red Brigades.” Far from backing up the “Eurocommunists” the Kremlin was divided over the issue. Under a “realpolitik” view from Moscow it could be much more advantageous to make a pact with the right wing. As part of this policy Moscow went to far as to have its Paris Embassy in 1972 distribute an “anti-Zionist” document which in fact was a rewrite of an old Black One Hundred attack on Jews.(66) At the same time there is evidence in Italy itself that the KGB gave support to men like Feltrinelli and his friends who were the “left” side of the strategy of tension!(67)

### **SINDONA AND HIS FRIENDS: THE FINAL STORY?**

Both Sindona’s rise and downfall then must be seen in the much larger context of whose interests he was serving. In the final analysis this Sicilian peasant was ultimately expendable as no many

“middlemen” are. Almost knowing his fate, Sindona attempted to kill himself while in jail.

In the end Sindona was a front man for a group of trans-Atlantic financial interests who attempted to achieve political and financial power through the exercise of parapolitical means. Using the “threat” of communism as a justification for their acts these groups have mastered the unusual trick of using “authoritarian” means to build a “free enterprise” economy.

Today Michele Sindona sits in a jail in Kansas where he will likely spend a good many more years. But the Sindona financial empire has yet to be fully dismantled. The strategy of tension continues in Italy and with the advent of the Reagan administration many of the same people who had such power under Nixon are back with a vengeance. Given the above what conclusion (if any) should we draw when we learn that William J. Casey, the current director of the CIA, also happens to be a member in very good standing of the American branch of the Sovereign Military Order of Malta?(68)

## FOOTNOTES

1. See Appendix B for full OSS Report.
2. One such example was a new party called the “Labor Democratic Party” which was financed by Franco Marinotti’s Snia-Viscosa, the Monteatini industrial empire and Senator Parodi-Delfina among others,. Neither concerned with “labor” nor “democracy,” the party was a front for pro-Catholic “freemasons” and “Rosicrucians.” For a brief discussion of the Labor Democrats see *Italy Betrayed* by Peter Tompkins.
3. See the discussion of Marinotti in the OSS Report, Appendix B.
4. See discussion of Marinotti mission in *Bankers and the Search for a Separate Peace During World War II*, an MA thesis by Jonathan Marshall for Cornell University, 1980, pp. 49-50.
5. On Sindona tie to the Greek colonels see Tana de Zulueta series on Sindona, “The Man Who Swindled the World” which began Jan, 6, 1980 in the *Sunday Times* of London, especially her article “Banker for the CIA and Mob,” Part 5 of series. Sindona was described by his one-time aide Carlo Bordoni as being “the banker to the mafia” (cited in Part 5 of the de Zulueta series). Interpol’s interest in Sindona’s role in drug running began in 1967 (see [The Great Heroin Coup](#) by Henrik Kruger for mention of this). The role of mafia heroin families (led by the Gambinos) is discussed in some detail in Nicholas Pileggi’s “Sindona! A Little Help From His Friends,” in *New York* magazine, April 7, 1980. Sindona’s role in the rightwing masonic Lodge P-2 has been given great publicity in Italy recently although Sindona’s masonic ties were not very hidden before the current revelations. (In *The Final Conclave* Malachi Martin cites

rumors of Sindona's membership in the masons.) Sindona has also been indicted in Italy for plotting the murder of Giorgio Ambrosoli, who was the man in charge of figuring out Sindona's financial holdings in his official role as liquidator of the Sindona empire.

6. From part 4 of de Zulueta series entitled "The Gambles That Failed," *London Sunday Times*, Jan, 27, 1980.

7. See "The Tycoon Vanishes" by Nicholas Pileggi, *New York* magazine, Sept. 24, 1979, According to Pileggi: "In 1943, Sindona somehow acquired a hard-to-find truck and was launched into the profitable trade of transporting produce and grain between Messina and the Sicilian interior. "I worked fifteen hours a day, seven days a week," Sindona once told an interviewer, but he never explained how he managed to get his truck, avoid hijackings, and prosper in a world then totally dominated by black-marketeers and mafiosi. Whatever deals were made or compromises entered into, though, there was no question of Sindona's tenacity.

8. Moizzi, who was described as a "one-time fascist ideologue" In Robert Hutchison's series on Sindona (see *Daily Telegraph*, Feb. 8, 1980) founded the BFF In 1930. I have relied heavily on de Zulueta and Hutchison for the outlines of Sindona's early career in Milan.

9. "By the time he came to Montini's close attention, Sindona was already legal counsellor to the textile group, SNIA-Viscona (Spada was one of its directors)," From The Final Conclave p. 33 (paperback edition).

10. De Zulueta series.

11. Ibid.

12. McCaffery, according to de Zulueta, "knew everyone in Italy." Born in 1905 in Glasgow, McCaffery first visited Italy in 1924 to attend Gregorian University. After his stint in SOE (during which McCaffery writes—in an affidavit given in 1976 for Sindona - "I became chief organiser on the Continent of the European Resistance movements") he entered the business world in Italy and in the early 60's became Hambros's rep in Italy. Hambros itself had a relationship with the Italian state which began when Hambros underwrote its creation and continues in its current capacity as the fiscal agent for the Italian government. On the Hambros-Italy relationship (including the way Hambros beat out the Rothschilds over the Italian territory) see the chapter on Hambros in *The Merchant Bankers*, by Joseph Wechsberg, 1966.

13. In early August the French daily paper “La Marseillaise” which has ties to the PCF revealed that the head of Lodge P-2, Licio Gelli, had a “French connection” Jacques Massie who was involved in running guns to the Red Brigades. Massie was recently assassinated. On his death see “Secret Group Linked to Killing of French Detective,” *New York Times*, July 29, 1981.

14. Hambros/Transamerica financing of WCC cited in Marshall’s *Bankers and the Search*, p. 31-2. Transamerica came out of A.P. Giannini’s Bank of America, a bank long alleged to be “controlled by the Jesuits”, although this charge has never been proven.

15. In Frederic Laurent’s *L’Orchestre Noir* he reports that an Italian intelligence general Micelli defended himself against charges that he was involved in the 1974 coup plots in Italy by revealing that the coup orders came from NATO, which in 1965 had created a secret accord which integrated ultra-right networks and NATO military units in countries (like Italy) where it was feared that the regular army units were too politically unreliable. Laurent reports that the Italian magazine *L’Europeo* revealed in 1976 that NATO had organized a special training camp for extreme rightwingers at Alghero in Sardinia. The rightwingers would be flown to the base in special military planes.

16. From *Pope John XXIII* by Paul Johnson (Little Brown, 1974), p. 100-1.

17. As reported in *The Pope*, a very interesting book by Constantine, Prince of Bavaria.

18. Johnson, p. 94.

19. The perception of the SMOM among sophisticated Romans today is that of a kind of super rotary club of businessmen and members of the lower aristocracy who need the fantasy life supplied by the idea of belonging to their own private state. The SMOM is in no way totally representative of the entire aristocracy be it “white” or “black.” When we talk of the SMOM it is important to keep in mind that we are discussing certain groups within the Order. A similar case is also true in discussing masonry. The super-rotary club view however has served in part to obscure the actual role of these characters, a role now just becoming apparent thanks to the P-2 scandal and the role of certain, SMOM members who backed Gelli.

20. The group tracing itself to the Russian order is one of the most frightening organizations around today. The Russian group (which mass migrated to the United States in the early 1900’s) holds the SMOM in utter contempt. For the Russian groups view of history see *History of the Hereditary Government of the Sovereign Order of Saint John of Jerusalem* (second edition) by Colonel Thourot Pichel. As will be documented in a future Parapolitics article the Russian group has its own intelligence

agency as well as its political fronts. The Russian group in fact heavily interfaces with both the Liberty Lobby and the Defenders of the American Constitution. It is because of the White Russian hatred of the SMOM that political organizations (like those of Lyndon La Rouche) allied to these ultra-right circles can fanatically attack groups like the SMOM or the Anglican spinoff of the SMOM in England and still retain their status in the ultra- right.

21. The general role of the Vatican in supplying safe houses and its collaboration with the Red Cross is well known. See Farago's book *Aftermath* for more details on this.

22. Taxil was a freemason who was notorious as an anti-cleric. Taxil then suddenly announced that he had renounced freemasonry and offered proof that the entire freemasonic movement was controlled by a group of Satanists based in London. Taxil claimed to have a source in the group who would go public. Taxil got Pope Leo XIII to back his claims as the Pope was convinced that Satan had an actual base on earth. Taxil called a big press conference to unveil his "mole" and in front of the press he denounced the entire story as a hoax which he had perpetrated to show the idiocy of the Vatican. For more on this see two very helpful books by James Webb, *The Occult Establishment* and *The Occult Underground*.

23. One of the few books in English on Merry del Val is by Marie Cecilia Buehrle called *Rafael, Cardinal Merry del Val* (1957). Del Val's family is intermarried with the de Zulueta family of bankers. Sir Phillip de Zulueta today is a member of the Trilateral Commission. Sir Phillip was one of Harold MacMillan's top advisors, Del Val's father was an ambassador for King Alfonso XII of Spain who had been driven into exile by a freemasonic-endorsed uprising in Spain. Del Val was an extremely sophisticated man and not a crank.

24. The close tie between the two men is discussed in Puehrle's book.

25. This group for example controlled S.G.I. According to *The Final Conclave*: "One business venture in which the Vatican developed a controlling interest was the giant, multinational Societa Generale Immobiliare (SGI). Its president was Count Galleazzi, former governor of Vatican City and relative of Pacelli's personal doctor, and four of its key Board members were Vatican "family" men." (p. 31) In the early 1960's the role of this group in housing speculation and other seamy practices was publicly exposed in the Italian press. The Trimurti was Cardinal Canali, Count Galeazzi and ? Carlo Pacacci.

26. The House of Savoy had first been excommunicated in 1871 when the Vatican was stripped of its hold over Rome. Del Val wrecked subsequent reconciliation attempts.

27. "Ultramontane" means "over the mountain" and meant that control of Europe was from Italy over the

Swiss alps.

28. Friedrich Gontard, *The Popes*, p. 519.

29. Johnson, p. 30. This group even had a secret file on Msgr. Roncalli who in one of his first acts after becoming Pope John XXIII was to read the secret reports on his activities.

30. In an ultra-right book circulated during Vatican II by “Maurice Pinay” (called *The Plot Against the Church*), Plus V is singled out for praise for his view on “the Jewish question.” *The Plot* is a good example of the kind of stuff this group puts out.

31. Gontard, *The Popes*, p. 519.

32. See footnote 20.

33. Indeed, Benedict XV’s first encyclical *Ad Boatissimi* was an attack on the Sodality of Pius. According to Walter Peter’s biography *Life of Benedict XV*, “Very quietly at Benedict’s request the Congregation of the Council declared the Sodalitium Planum defunct in December 1921.” However, they would not disappear that easily.

34. On this charge of satanism and the ultra-right’s Anglophobia, see Alec Mellor, *Our Separated Brethern - The Freemasons*.

35. The internal fight around the Knights of Malta has been told in a “fictional” form by Roger Peyrefitte in his book of the same title. Peyrefitte’s work provoked such outrage that one member of the SMOM had to resign from the group as a suspected leak while the Vatican itself put out a work directly denouncing Peyrefitte’s book. Although Peyrefitte is useless on broad political issues his highly gossipy book (which is also well written and at times quite funny) is very often on target.

36. See *Recollection of 70 Years* by William Cardinal O’Connell.

37. The del Val group was heavily involved in promoting their own version of Irish independence in the 1900’s. A major figure in this movement was Maud Conne who is most well known as Yeats’ great love. A fanatical Catholic, Conne became heavily involved in the ultra-right Boulangist movement which was backed by the rightwing of the Catholic Church. As part of her general involvement in the ultra-right Conne ran an intelligence mission into Russia for the Boulangists. Working with her were the important Juliette Adams and the Polish princess Catherine Radziwell. The Radziwell family was influential in helping to relocate the Russian branch of the Knights of Malta to the U.S. in the early 1900’s. See the

book *Maud Conne* by Samuel Levenson, especially chapter 3.

It is interesting that when the IRA took credit for the assassination of Lord Mountbatten it was at a time when Mountbatten had clearly gone on record a few months before in opposition to the cruise missile. While no saint, Mountbatten had a relatively sane policy towards the Soviet Union. Mountbatten also happened to be a bitter enemy of the group around the White Russian Knights of Malta. This group had endorsed the top Russian intelligence defector Colonel Michal Goleniewski in his claim to be the last Romanov king of Russia. (Goleniewski claimed to be Prince Aleksei.) Mountbatten was considered by Goleniewski to be the leading opponent of his claims to the Russian throne. On all this see Guy Richard's book *Imperial Agent*. A major Goleniewski supporter in the CIA was the late Herman Kimsey, a top assassination expert who was also the "Associate Chief of International Intelligence" for the White Russian Knights of Malta.

38. On Spellman's role in the 1950s, see Peyrefitte. On Spellman's basic antagonism to the SMOM branch see *The Cardinal Spellman Story* by Robert Gannon, S.J.

39. The information was from Vichy records. A major Vichy-del Val group in France was the International Review of Secret Societies (RISS) of Msgr. Jouin.

40. From *The Knights of St. John in the British Realm* by Colonel Sir Edwin King (London, 1967), pp. 222-23. A key figure in organizing the Bubikon meeting was Prince Bernhard of the Netherlands who was the "Landcommandeur" of the Order of St. John the Netherlands, a group of Knights from the German Johanniterorden who became an independent group after World War II. In the late 1940's Bernhard's top aide (and a founder of the Bilderberg group) Joseph Rettinger was also involved in trying to create a Protestant-Catholic linkup. Rettinger's connection was Professor Luigi Gedda who was also one of James Angleton's close allies in postwar Italy. (See my Parapolitics article "The Importance of Robert Gayre" for more on Gedda.) Rettinger's connection with Gedda is discussed in John Pomian's book on Rettinger entitled *Memoirs of an Eminence Grise*. (Pomian was Rettinger's secretary.) On Rettinger's hints of a leftwing British intelligence plot to kill him see David Irving's book on General Sikorski, *Accident*.

41. In his book *Skorzeny* the author Glenn Infeld tells of a conversation he had with Germany's answer to Boris Karloff a few years before Skorzeny's death. At that time Skorzeny claimed that he had in his possession certain letters that Churchill had written Mussolini before the war which were very embarrassing to him. Skorzeny claims that he and Churchill had a secret meeting in Venice in 1951 to work out an understanding on the matter. Whether this is true or not it is a known fact that Churchill

played a very important role in attempting to wreck those groups in Allied intelligence who wanted to clean the fascist networks out of Italy after the War. Both Robert Gayre's *A Plea for Monarchy* and Peter Tompkins's *Italy Betrayed* agree on this point.

42. In the late 20's for example the SMOM was busy plotting with Mussolini to force the British out of Malta. See *The Vatican in the Age of the Dictators* by Anthony Rhodes, p. 54-5.

43. See McCaffery affidavit, Appendix C.

44. Johnson, p. 155.

45. See the profile of Mattioli in Wechsberg's *The Merchant Bankers* on his role in helping Mattei to create ENI and in the creation of Mediobanca. The BCI had first been set up in the late 1800's by a group of German bankers. The Rampolla group had close ties to the Germans at this time and Rampolla was trying to heal the split the "ultramontane" policy the Vatican had encouraged. Willhelm II awarded Rampolla the Order of the Black Eagle while Rampolla's assistant Della Chiesa was given the Great Cross of the Order of the Crown. When Della Chiesa became Benedict XV in 1914 he was accused of being a "pro-Boche pope". There was some truth to this as British Intelligence in 1915 caught one of Benedict XV's chamberlains in a plot to blow up a British battleship in an Italian harbor. (Italy and England were allies in World War I.) There can also be little question that figures allied with the Vatican (such as Diago Von Bergen) played a major role in organizing the Parvus-Lenin trip to Russia in 1917 to topple the pro-British 33-degree mason Kerensky government. (For a mention of Bergen's key role see *Merchant of Revolution*, a British intelligence-sponsored biography of Parvus.) On the British fear of the circles around Benedict XV, see Walter Peter, *Life of Benedict XV*, where the battleship plot is also told.

46. This is indirectly alluded to in an important passage from Malachi Martin's *The Final Conclave*: "As pro-Secretary of Vatican State for Pius 12, Montini had already agitated for reform in Vatican financial administration. He knew firsthand the abuses and the abusers. In 1954, he drew up a report citing the names and activities of Pius 12's own nephews (Carlo, Giulio, Marcantonio Pacelli) whom Plus had put at the head of Vatican finances. Pius's reaction to the report was violent and swift. Montini found himself on a train for Milan, for exile and for disfavor. One of Paul's bitterest memories on that long, one-way train journey was of a day shortly after the end of World War II when he had listened to Fanelli speaking from the public balcony of Saint Peter's in Rome, denouncing a certain Dalmatian priest, Ernesto Cippico, as having 'brought scandal in the Church.' Cippico had embezzled some thousands of dollars from the funds of Eastern European refugee groups. Even as he listened to those words, Montini had known [of the Pacelli clique robbery-KC]. . . . Cippico lacked only protectors in high places. Montini

could almost see a Satanic rictus behind the whole affair.” (p.29)

If I understand Martin correctly he is contrasting a scandal which involved the Knights of Malta (SMOM) with the corrupt dealings of the Trlmurti. The Cippico scandal involved I believe a refugee camp sponsored by the SMOM and by Count Thun Hohenstein who lost enormous amounts of money of the SMOM in the refugee camp set up in the Traustvere.

In Peyrefitte’s book *Knights of Malta* Cardinal Canali is given the major role for banishing Montini which occurred when Canali saw Montini trying to influence Pius XII in a way favorable to the SMOM. In all fairness to Pius XII by the early 1950’s he was so far out that he was the puppet of whatever group had his ear at the time. Pius XII was more concerned with the letter from the Virgin given at Fatima which was going to reveal awesome things and bring about the conversion of Russia than with more petty earthly matters, Johnson’s *Pope John XXIII* is pretty good at describing the court intrigue around Pius XII and the different factions.

47. In “The Tycoon Vanishes” (*New York* magazine, Sept. 24, 1979) Nicholas Pileggi writes, “In 1947, after graduating from the University of Messina’s law school, he (Sindona) went to Milan with a glowing letter from the bishop of Messina to Monsignor Giovanni Montini in Milan. It was an introduction which would help make Sindona’s career.”

48. Lefebvre today is the leading organizer of the old Sodality of Pius network. Described in *The Final Conclave* as the leader of the “Traditionalists,” Lefebvre in May 1976 toured the new Society of St. Pius 5 Institutes in the United States - at Houston, Texas; San Jose, California; Armanda, Michigan, and elsewhere in Oklahoma, Virginia, Minnesota and Arizona (p. 41).

When Lefebvre began setting up a new Church, Paul VI finally stepped in. The Lefebvre churches speak Latin in the Mass and the head of the Catholic Traditionalist movement (Rev. Gommar A. De Pauw) in America says that his group in a legitimate Catholic order because it is under the protection of the White Russian branch of the Knights of Malta. These people are of course also the shock troops of the anti-feminist, anti-abortion movement in the U.S. rightwing.

49. Tana de Zulueta reports that the investigator of the Sindona empire discovered a “mysterious, untraceable \$4 million loan to Greece.” She then goes on, “According to impeccable sources, Sindona threatened to make public” that Continental link of Illinois sent the money via BPF to the Greek colonels before they took power in 1967.

50. Cited in the *Daily Telegraph* series by Robert Hutchison.

51. During the spring and summer of 1973 de Zulueta reports that Sindona's banks "were gambling rather more than the gross domestic product of Israel" on the rise of the dollar. (Sindona lost the gamble.) See "The Gambles That Failed," Jan. 27, 1980 *London Sunday Times*.

52. As reported on by the psychiatrist who examined Sindona after his failed suicide attempt. Sindona began to fall apart in other ways and according to his ex-top forex man Bordoni Sindona was not above trying to rape the wives of his employees as he did with Bordoni's wife. Life at the top can feel pretty rough.

53. Putting McCaffery's bitter ravings aside, what appears most likely is that Cuccia and Carli explained to Sir Charles the totally speculative nature of the Sindona empire and the instability of such an empire to continue, especially with other governmental authorities watching it. Sir Charles seems to have gotten the point. Hutchison seems to hint at this when he reports that Jocelyn Hambro fell because a more "conservative" group at the bank did not approve of his rapid money-making deals. In Hutchison's words they felt that Hambros was going "too fast" under Jocelyn. Since it is odd that a group of bankers would object to someone making too much money too quickly it seems more likely that the hot air nature of the Sindona boom was what was questioned.

54. It would be interesting to know where the Gehlen organization stood in regard to all this given the fact that Reinhold Gehlen's brother (whose code name was "Bon Giovanni") was the secretary to Thun Hohenstein at the Roman headquarters of the SMOM. General Gehlen himself was given the Grand Cross of Merit by the SMOM despite the fact that both he and his brother were Protestants.

55. See Parapolitics/USA 2 on the British plot.

56. Besides Grace who is President of the U.S. branch of the SMOM some of its better-known members include William and James L. Buckley, Thomas A. Bolan, (Roy Cohn's law partner), the "Grand Protector" of the Order Cardinal Cooke of New York (who Roy Cohn is the legal advisor to), Leo Iacocca, John A. McCone, and Robert F. Wagner. This is the group Frank Sinatra has been trying to join for years. Another SMOM Knight is John A. Volpe, former U.S. Ambassador to Italy and a friend of Sindona's. The current U.S. Ambassador to Italy Maxwell Rabb comes out of these same New York, pro-Reagan circles.

57. See the section in the Pike Report on Italy for evidence of this. A good description of Martin's activity, the funding of the neo-fascist MSI etc. can be found in Laurent's *L'Orchestre Noir*. In looking at the CIA position on Italy, the head of the CIA Vatican desk was James Jesus Angleton who seemed very

much involved in the coup plotting. Angleton also just happened to have known Montini during Angleton's own OSS days in Rome, The CIA man for Rome however was not the same as the Vatican desk. It would be interesting to know if the CIA itself recognizes (as 40 nations do) the SMOM as a Sovereign entity and what Angleton's own view on the matter was.

58. See the discussion of Davis in Jerry Meldon's article in Parapolitics/USA 2.

59. No footnote.

60. Right after the war Sogno wrote a book in defense of the House of Savoy. In 1955 after his stint with NATO Sogno returned to Italy where he set up the Italian section of the CIA-funded Paix et Liberte group. At around this time he was joined by Luigi Cavallo who became Sogno's number two man up until today. In the late 1950's Sogno became a political councilor in Washington where (according to Laurent's *L'Orchestre Noir* he was known for his "virulent anti-Kennedyism". After serving as Italian ambassador to Rangoon Sogno returned to Italy in 1970 where he began plotting to make Italy a "Gaullist" organized state. In his plot he was aided by Edward Philip Scicluna, an old British intelligence man of Maltese origin. (His relative Sir Hannibal P. Scicluna also of Malta was a member of Robert Gayre's editorial board of his heraldic magazine "The Armorial.") On Sogno and Cavallo see *L'Orchestre Noir*. It is also worth noting that a rather well-informed source claimed that the wife of Luigi Cavallo was a member of Lyndon La Rouche's political organization in Italy. La Rouche's groups had been devout fans of Michele Sindona whose downfall they attributed to the machinations of the international British/Zionist conspiracy, which according to La Rouche was a mere cover for the two-thousand-year-old "cult of Isis" which the intrepid La Rouche had discovered was alive and well and controlling the world.

61. Andreotti is well known in Italy as being one of the Vatican's top political allies.

62. This of course was during the height of "Watergate." It is somewhat ironic that the most famous hotel complex in the world was at the time owned by Michele Sindona via his control over S.G.I.

63. In true Russian fashion, after the debacle with Sindona the entire group in Moscow Narodny was shipped back to the Soviet Union. Sindona, in his attempt to prove that he was working for the CIA and Pentagon during his recent phony kidnap (his claim was the Pentagon wanted him to help in some matters revolving around the question of the separation of Sicily from Italy), cited his tie with Admiral Max King Morris as evidence of his intelligence ties. Sindona said he passed information on to Morris about the way Moscow Narodny was speculating on U.S. wheat futures in a successful manipulation of the market to secure cheap wheat for Russia. In reality what is most likely is that the cheap wheat deal was an incentive

to Moscow to play along with the coup plans. On the question of Sicilian separatism and British intelligence see my article “The Importance of Robert Gayre” in *Parapolitics/USA 2*. On Sindona’s open promotion of the separatist option see the Italian magazine *Panorama*, in summarized in L. Makarevich’s article “Operation Sicily” in the Soviet publication *New Times*, 18.81.

64. If one believes Roger Peyrefitte (in his *Knights of Malta*) the ties could be more than just with Sindona and Marinotti. Peyrefitte says that right before World War II the Soviet Union approached the Comte de Pierredon, who was the SMOM legate in Paris. Following Stalin’s orders he offered the SMOM a legation in Moscow. Peyrefitte claims there was a special Kremlin department to deal with the SMOM. Stalin also invited the SMOM back to Poland and Russia. (All this of course is during the Hitler-Stalin pact period.) The SMOM reportedly was delighted and Peyrefitte quotes an enraged Canali recounting this disgraceful incident and saying “It was we who brought him (Prince Chigi Albani, head of the SMOM) back to his senses by threatening to impeach him before the Holy Office.” Peyrefitte returns to this theme when he reports that Stalin (an ex-student of the Russian Orthodox Church) tried to bolster the Orthodox Church of the Near East and financed improvements to the holy center at Mount Athos. The SMOM was also on good terms with the Orthodox Church and Peyrefitte suggests that there was some connection between Stalin and the SMOM through the Orthodox Church. In the mid-1950’s there was a definite attempt to “rehabilitate” Stalin in White Russian circles via the spreading of a story that Stalin in his youth was a secret Okhrana agent, (See the Appendix to H. Montgomery Hyde’s biography *Stalin* which is devoted to this question. Montgomery Hyde is another ex-SOE man who worked with Stevenson.)

64.5. Interview with a prominent Italian journalist.

65, John XXIII in his *Pacem in Terris* effectively promoted a Eurocommunist opening, (Johnson, p.157). Robert Hutchison also points out that men like Ugo La Malfa had long been supporters of working out a political compromise with the PCI.

The development of the “Eurocommunist” theme has had some weird reverberations in the East Bloc. For example, there was an attempt by ultra-right circles to convince the Kremlin that Eurocommunism was a “Zionist-Masonic plot”. See in this context two important articles on this subject, Reuben Ainsztein’s report on the Soviet “Arabist” Valery Nikolayevich Yemelyanov (*New Statesman*, 11 July 1980) and Paul Wohl’s article in the Nov. 9, 1970 *Christian Science Monitor*, “Soviets Aim Propaganda Weapons, Writers Urge Drive on Judaism, Masonry.” A more sophisticated version of that same line can be found in the writings of Luis Gonzalez-Mata. For all these writers, international masonry

is one unified force.

If the story of Michele Sindona tells us anything it is that this is not the case. On the extensive elements of masonry committed to a rightwing social order one only has to look at Lodge P-2's allies in the U.S. military, which in one of the major bastions of especially the Scottish Rite version of freemasonry. Indeed, NATO is filled with American Scottish Rite lodges and such leading generals as Mark Clark, Lyman Lemnitzer and Douglas MacArthur have all been 33rd degree masons. In Italy American military masonry was divided into the "American Military Scottish Rite Association of Southern Italy and Sicily" and the "American Military Scottish Rite Association of Northern Italy." (For a discussion of differences in freemasonry over Allied policy see Robert Gayre's *Italy in Transition*.) It is worth noting that there was a big step up in the organizing of military/masonic groups in the NATO area in the very late 1960's. See *The New Age*, March 1969, pp. 34-5 on this.

66. See Appendix A in Alexander Yanov's *The Russian New Right* for a comparison of the Soviet text and the Black One Hundreds tract.

67. In this context it is very interesting to look at the case of Giangiacomo Feltrinelli. Tana de Zulueta reports that in May 1968 the Vatican became embarrassed that Feltrinelli, who was leading the ultra-left riots in Milan, had inherited a bank, Banca Unione, in which the Vatican had an 18% interest. As a favor to the Vatican Sindona acquired the Feltrinelli family shares, which he managed through a deal with Feltrinelli's brother-in-law Count Andre D'Ormesson. D'Ormesson later became a close Sindona ally.

Giangiacomo Feltrinelli (reports Claire Sterling in her *The Terror Network*) was part of a group led by Pietro Secchia, "his patron and counselor." Secchia headed up a group called the Volante Rosso, which

was made up of former partisan fighters who refused to accept the Party's postwar collaboration with a capitalist state. From 1945 to 1949 they fought a struggle within the Party, against its leaders' constitutional illusions. From killing off ex-fascist higher-ups and big landowners, they spread out to vicious intimidation in factories, "proletarian expropriations" (bank heists), and the murder of fellow Communists short on Bolshevik zeal. They were the precursors, down to a T., of the Red Brigades who would make the Communist Party's life miserable twenty years later, and they made its then secretary-general Palmiro Togliatti, nervous. (p. 33)

Stirling, in her simple empirical way, tries to argue (not without some facts) that this group gave Feltrinelli a safe house operation in Prague for his terrorists. What Stirling has failed to discover however is the 1944 OSS document which lists Feltrinelli senior (who committed suicide the day he heard

Mussolini's government had been toppled) and Luigi Barzani Jr., Giangiacomo's step-father, as both being involved in a plot to create fake terrorist groups to discredit the PCI. (The poor kid never had a chance.) The missing piece of the puzzle is why would Moscow ever put up with this or at least not intervene. I hope I have offered a possible solution.

68. AS listed in the 1980 list of American Knights of the SMOM.

Research notes. There are some elements to the Sindona story that could not be worked into the above article on Sindona for different reasons but are worth noting. In looking at Sindona it is very important to understand the role of ex-OSS man Max Corvo in Sindona's affairs. Corvo, an important figure in freemasonic circles as well as in the intelligence field, is thought by some experts on Sindona to have played a kind of watchdog/guardian for Sindona. Corvo's son for example headed up a fund raiser for Sindona's legal defenses at a time when Sindona (who claimed he was bankrupt) needed some outside source of financial support.

Two other important figures are Philip Guarino, and Paul Rao Jr. Guarino was one of the few American members of Lodge P-2 and there are letters between Licio Gelli and Guarino on helping Sindona. (Gelli, by the way, was also present at the Carter Inauguration as well as the Reagan one--see Roberto Fabian, *Masons in Italy*, Espresso Books, 1978) Paul Rao Jr. fronted for a Sindona committee aided at sending money from America to rightwing forces in America. Rao's father was a member of the American branch of the SMOM.

On the SMOM itself some aspects of a shady nature can be found in *The Last Mafioso*. The French Dossier series book *Dossier D . . . comme drogues* apparently discusses the use of SMOM diplomatic pouches for drug smuggling.

Finally, a note on Grace and Company. Grace was actually founded by Robert Fleming, Ian Fleming's grandfather, who turned it over to Irishman Grace after Fleming went into banking. Ian Fleming was a millionaire who worked for Stevenson both during and one of Fleming's specialties was keeping tabs on Otto Skorzeny for Stevenson.

## PARAPOLITICS/USA

Once again this newsletter comes late, this time in part because of my move to Washington, DC. Be sure and note the new address.

The last issue created a temporary stir in Italy when the New York correspondent of Paese Sera, a large, left-wing Italian daily, picked up on charges that the American ambassador to Rome, Maxwell Rabb, has had longstanding ties to the Meyer Lansky crowd. The article, in the September 7 edition, cited the "American magazine Parapolitics/USA, modestly circulated but of good professional reputation" as making the charges. The American embassy issued a denial that had Italian journalists laughing; Rabb admitted his associations but insisted that he had fought the Lansky crowd his whole career. Tass also picked up the story, and after much difficulty finding Parapolitics/USA, finally sent one of their San Francisco correspondents (looking like the stereotype of the KGB agent he must have been) out to pick up a copy. Naturally, the American media has kept quiet.

The latest issue has no more Xeroxed news clips; as the newsletter grows in circulation, potential copyright problems have also grown. However, PPUSA/5 contains a long special section on the Miami drug traffic and a companion piece by John Cummings on Omega 7 (an expurgated version of which appeared in *Gallery*.) It also contains a secret FBI report of an interrogation of Michele Sindona, which mentions the role of the Masons, and an article (reprinted with permission) by Chris Simpson and Nancy Feinstein on Task Force 157.

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### Articles and documents

Jonathan Marshall, Special Report on the Miami Drug Traffic

John Cummings "Omega 7"

Nancy Feinstein and Chris Simpson, "The Spies who are out in the cold," Inquiry, November 23, 1981

FBI report, 6-20-80, of Michele Sindona interview

Subscriptions: send \$25 to Jonathan Marshall, 1816 New Hampshire Ave., NW #1008, Washington, DC 20009

## NEWS BRIEFS

### Wilson, Terpil, and Libya

The most dramatic and least reported recent episode in the Ed Wilson affair was the kidnapping in Beirut, by persons unknown, of Frank Terpil and his gun-running partner, Gregory Korkala. On November 7, a Syrian friend of Terpil's, a member of Syrian intelligence responsible for Terpil's security during his stays in Damascus, called Terpil and Korkala and asked to meet them at a resort called Summerland in West Beirut. Korkala felt comfortable going; he was a windsurfing instructor at the resort and knew it well. Terpil, for some reason, did not join him. Korkala left Summerland with a group of Syrians and has not been seen since. A short time later, 3 Syrians, including Terpil's friend in intelligence, showed up at a restaurant Terpil had bought into in Beirut. According to eyewitness accounts, Terpil left with them, probably under duress. It is not known whether Terpil is alive or dead, or where he is, as of this writing.

Special footage of Terpil, including an important interview, will be shown on some PBS stations January 11. The program is a production of WGBH and ATV in London.

"The CIA's discovery that agency employees helped fulfill a terrorism training contract with Libya touched off a major internal housecleaning that led to the loss by firing, transfer, attrition or forced retirement of 820 agents in the agency's elite clandestine service. . . . The internal shakeup was triggered when (CIA Director Stansfield) Turner learned from a press inquiry that two active-duty CIA agents appeared to be involved in the Libyan activities of ex-CIA agents Edwin P. Wilson and Francis E. Terpil." These two agents were William E. Weisenburger, who helped Wilson build prototype timers for shipment to Libya and then arranged for their assembly at an electronics firm that did business with the CIA; and Patry E. Loomis, who attended meetings with Wilson concerning the sale of sensitive night vision equipment to Libya while he was in "deep cover" in Indonesia, ostensibly working for Fairchild Industries. "In unrelated cases, a third and a fourth agent were dismissed, one of them for using a private operative overseas without informing his CIA superiors. Then Turner, already predisposed to further reductions in covert staffing levels swollen from the Vietnam War era, launched a massive overhaul of the operations directorate." Two of those to go were clandestine services chief William Wells, and his deputy Theodore G. Shackley, who some speculate ran Wilson and Terpil as a "hip pocket" operation into Libya. (WP 9-16-81)

Although fired by the CIA, Weisenburger is now working for Scientific Communications, Inc. of Dallas, the firm he convinced to produce explosive devices for sale to Libya by pretending the request came from the CIA. The firm continues to derive most of its income from highly classified government contracts, suggesting that his work for Wilson and Terpil did have high level support, despite Turner's actions. (*Progressive*, November 1981)

Several of the ranking CIA officials fired by Turner are now engaged in international arms dealings through companies linked to Wilson. Theodore Shackley and his associate Thomas Clines are officers in four companies-- API Distributors, Systems Services International, International Research and Trade, and Research Associates International, that engage in the sale of military equipment and subsidiary activities. Clines is also a 49% shareholder in

Egyptian American Transport and Services Corp., which has an exclusive contract to handle the shipment of Egypt of billions of dollars in military equipment purchased in the United States. Secretary to API Distributors, which Wilson established for Clines while Clines was still in the agency, was Rafael Quintero, one of three former CIA contract agents whom Wilson approached to carry out an assassination for Khadafi. Clines admits being a social friend of Wilson and says he sat in on a planning session between Wilson and representatives of Scientific Communications regarding the production of explosives timers. Shackley, of course, was also a friend of Wilson, and a key to Wilson's successful enterprise. Shackley helped to convince doubters on Wilson's team that Wilson's schemes had CIA approval; he wrote a memo to DCI Turner casting doubt on the allegations of Kevin Mulcahy regarding Wilson's operations; and he helped discourage the Senate Intelligence Committee from opening an investigation into Wilson and Terpil in 1977. (NYT 9-6-81)

In his own defense, Shackley maintains that Wilson misled him to make him think that the Libyan contract had only to do with clearing mines from harbors and desert territories. Shackley also says he immediately reported to his superiors Wilson's attempt to recruit Quintero into an assassination plot. However, Shackley is said to have hidden from Turner the fact that he, Shackley, gathered intelligence from Wilson throughout the summer of 1976. The fact that Shackley and Clines later went to work for companies set up by Wilson (or through Wilson's law firm) suggests that Shackley did not alter his friendship with Wilson even after Mulcahy's revelations. (WP 9-10-81)

According to a former employee of Stanford Technology, Wilson and a British businessman named David P. Shortt, who acts as a Soviet purchasing agent, tried to steal highly sensitive software used in a sophisticated image processing system sold to Iran. The software would have been of value to the Soviets in their electronic intelligence gathering and reconnaissance. The FBI considers Shortt a contact of the KGB; Shortt replies that some Soviets "wrongly accuse him of Western intelligence affiliations, including a connection to Mossad, the Israeli intelligence agency." (NYT 10-11-81) The Soviets aren't the only ones who think that, apparently. *Spotlight*, a weekly news magazine published by the far-right Liberty Lobby, says that in 1976 Wilson met representatives of the JDL to discuss the sale of machine guns and portable grenade launchers. Wilson, the article further claims, was already selling sensitive equipment to Israeli intelligence. Finally, regarding the attempted export of digital imaging technology to the USSR, the article notes: "After settling the terms of the deal with Wilson, Shortt reportedly called on Steven D. Bryen, who has recently been appointed to the sensitive post of deputy assistant secretary of defense for international economic trade and security policy." (*Spotlight* 10-26-81). *Spotlight* calls Bryen "a known Mossad agent." He was in fact fired from the Senate Foreign Relations Committee staff for offering classified information to Israeli military officials. (*Middle East*, June 1980)

At least 10 men trained as Green Berets went to Libya in 1977 to train terrorists in a program managed by Ed Wilson. One of them was Luke Thompson, an active-duty Green Beret who says that military intelligence officials told him at the time the venture was "legal and aboveboard." His commanding officers, indeed, gave him a special leave of absence to participate. Only after his return did Army officials inform him that the CIA had not formally endorsed the scheme after all. (NYT 9-25-81)

The Libyans also approached some 30 California bomb experts, including the head of Los Angeles's police bomb squad, to recruit them for service in 1977. US intelligence sources, however, apparently warned them not to go. Nonetheless, the matter was never investigated. (NYT 8-29-81)

At least four Green Berets are said to be still in Libya training Khadafi's forces. (NYT 8-29-81)

The FBI is investigating allegations that Wilson bribed a key federal official with funds from Control Data Corporation. Control Data confirms that it hired one of Wilson's companies to help it gain Defense Department business. Wilson allegedly made monthly payments to Paul Cyr, head of congressional relations for the Federal Energy Administration and formerly in the same position at the Army Materiel Command. He is now a private consultant. Wilson allegedly also planned to wiretap the offices of the Army Materiel Command to gain inside information for Control Data. (NYT 9-13-81; WSJ 9-15-81)

Ed Wilson allegedly met secretly with a US prosecutor, E. Lawrence Barcella, Jr., in Rome and offered to arrange the kidnapping of two Cuban exile fugitives in the Letelier assassination case in return for his own freedom. The meeting, held in early July, was made possible by a US request to the Italian government to suspend the warrant issued by Interpol for Wilson's arrest. (WP 7-26-81)

Foreign intelligence sources are cited as claiming that Wilson has had dealings with an Egyptian intelligence contact who is working with Libyan dissident groups, including one called the National Link which is said to have "a direct working relationship with the Defense Intelligence Agency." The source contended that "Wilson's dealing with the Egyptian give credence to the suggestion that he was a double agent." (New York,

A soldier-of-fortune, John Dutcher, was sent by Wilson to northern Italy in mid-September to negotiate a Libyan construction contract with some Milan businessmen. While he was there, according to Jack Anderson, he met some Haitian exiles who wanted to get rid of Jean-Claude Duvalier. Apparently two Italian companies agreed to foot the bill for arms and mercenaries in return for the construction contracts. The plot may still be under way. (WP 11-13-81)

Jack Anderson also claims that American mercenaries in Wilson's employ helped to ransack the American embassy in Chad, which was abandoned in the wake of Libya's invasion of that country. The Libyans gained access to highly classified documents and coding equipment in the process. (WP

The prosecution of Eugene Tafoya, a former Green Beret charged with the attempted murder of Libyan dissident Faisal Zagallai, turned into a fiasco, with a jury rejecting the charge of premeditated murder. Even before the verdict was handed down, the chief investigator in the case complained that the judge's ruling had "crippled" the prosecution's case. The judge excluded: 1) a tape found in Tafoya's car, on which he asks a former Green Beret, "Do you know anyone that should stop breathing? Permanently? The two men then go on to discuss the firebombing of a car belonging to a Canadian businessman who had a falling out with Wilson; 2) a purported hit list found in Tafoya's home, of people who had crossed Wilson at one time or another; 3) Chemical "delay pencils" used for making firebombs; 4) and evidence of a "death decree" issued by Khadafi in February 1980. (WP 11-22-81) Beyond that, federal

and local investigatory efforts were utterly disorganized and were marked by a complete lack of cooperation among agencies, a problem which helped account for the failure to indict Wilson in the attempted murder case. (NYT 8-23-81) During the trial, Tafoya admitted working for Wilson but claimed he thought the operation was sponsored by the CIA; he also claimed to have visited Zagallai with the intention of warning him off but not harming him. (WP 11-26-81)

Meanwhile, the brouhaha continues over the alleged Khadafi hit squad sent out against President Reagan. It would be foolish to deny the possible existence of the squad, but it is notable that not a single Western European ally of the United States takes the charges seriously (indeed, the French foreign minister openly dismissed them). It is curious, also, that the press in its commentary on the alleged Khadafi plot utterly ignores earlier reports of a CIA plot to kill or overthrow Khadafi. US-Libyan relations hardly seem pure from either side.

One curious incident, now almost forgotten, deserves further clarification. It concerns the sudden departure from Rome of US Ambassador Maxwell Rabb (on whom see PPUSA/3) on October 14 (according to Italian press accounts) or October 21 (according to the *New York Times*) The *Times* quoted State Department spokesmen as saying that Rabb flew out "without even a change of clothes" after Italian authorities discovered a Libyan plot to assassinate him. Supposedly the plot was hatched in retaliation for the downing of two Libyan jets on August 19. That account, however, conflicts with *Newsweek's* insistence that Italian authorities intercepted a Libyan hit team in September. (*Newsweek*, November 30, 1981; cf. *Newsweek* October 19, 1981) The *Times* later revised its account to admit that Rabb left on October 14, not 21, and cited reports that he was "recalled mainly for normal consultations with the State Department and to help President Reagan lobby for his proposal to sell AWACS planes to Saudi Arabia." (Rabb is Jewish.) (NYT 10-26-81) The Libyans reacted incredulously to initial reports of a plot to assassinate Rabb, saying "we would be crazy to suicidal to make such a plot, and what possible advantage could we gain from it?" Their explanation for the American charges? "I want to recall that the first phase of the CIA plot against Khadafi foresees a disinformation campaign to embarrass Libya," said one official. "The plot which has been uncovered is now underway." (Quoted in *Corriere della Sera*, 10-27-81) Officials in the Italian Interior ministry confirmed that they had heard reports of a possible Libyan hit squad and had decided to take no chances-- though one official admitted "we didn't have proof that they were truly preparing an action against Rabb." American embassy employees called the whole affair "a publicity stunt" and a "political fantasy." Such evaluations are worth keeping in mind in the current war of words between the US and Libya. (thanks to Dan Fiduccia for the Italian translation.)

## **Intelligence**

A new and explosive round has been fired in the ongoing "war of the moles." As disclosed in the October *Reader's Digest*, the FBI has now concluded that its longtime double agent, code named "Fedora", was actually a triple agent working for the KGB in the Soviet mission to the UN. It was Fedora--now identified as Victor Lessiovski--who refuted allegations by another Soviet defector, Anatoli Golitsin, that the CIA had been penetrated at the top by the KGB; and it was Fedora who supported the bona fides of another surprise defector, Yuri Nosenko, who claimed (falsely) to have handled Lee Harvey Oswald in the Soviet Union. During later

debates within the intelligence community over Nosenko's story, the FBI stuck to its faith in Fedora, and thus in Nosenko. Eventually the pro-Nosenko faction won out--only to be discredited by the House Select Committee on Assassinations investigation of the case and the recent switch within the FBI toward Fedora.

Perhaps the most intriguing detail in the Fedora story concerns the Pentagon Papers. It was Fedora who tipped off the Nixon administration that Daniel Ellsberg had delivered a set of the Pentagon Papers to the Soviet embassy. This intelligence gave Nixon the national security grounds to form the White House Plumbers unit under Egil Krogh and Gordon Liddy charged with investigating the leak and--eventually--breaking into the office of Ellsberg's psychiatrist. This guilty secret in turn contributed to the post-Watergate coverup. (*Newsweek* 9-14-81; *Washington Post* 9-4-81)

The hunt for moles in British intelligence continues, but with little new in the way of hard information. The British press has been falling all over itself to find the "fifth" man and so forth, but no one has been turned up on the order of a Blunt. In Canada, Soviet defector Igor Gouzenko, whose revelations in 1945 led to the roundup of a major Soviet spy ring in Canada, continues to maintain that his accusations were never properly acted upon. But the Canadian government, under pressure from opposition Conservatives, has at last declassified the record of the royal commission of inquiry, and historians who pored over it found no trace of a cover up. Indeed, "The two judges ruthlessly pilloried witnesses." The problem is that five Soviet agents were only known to Gouzenko by code names. Gouzenko now believes that one of them was Sir Roger Hollis, the late head of Britain's MI-5 counterintelligence section. The problem is that Gouzenko has changed his story over the years, and many suspect that he is merely trying to stay in the limelight. (*Maclean's* 10-26-81)

The CIA is getting back in the covert operations business. The first big operation--against Libya--quickly leaked to the press and was immediately confused by a mass of disinformational counter-leaks. It appears that the CIA has been asked to destabilize the Khadafi regime and to counter Khadafi's influence in other African states. In one instance, the CIA mounted a quiet operation to supply money to members of the government of Mauritius, a small island in the Indian Ocean that Khadafi was wooing. Administration sources informed the *Washington Post* that the actual target was Mauritania, not Libya--which did no good for US-Mauritanian relations. *Time* then joined the fray by claiming that the CIA had no plots at all under way against Khadafi, which appears to be flatly incorrect. (MH 8-20-81)

Jack Anderson claims that within the CIA "there have been whispers about slipping an assassin into Libya to do away with Qaddafi. One scheme would have the hit man pose as a mercenary and join a ring of mercenaries in Qaddafi's employ." (WP 8-25-81) One interpretation of this column is that it was a deliberately false leak planted by the CIA to make Khadafi nervous.

Jack Anderson also reports on other CIA covert operations around the world. These include sending arms to the rebels in Afghanistan; supporting Egypt and Turkey in operations against the Ayatollah in Iran; backing the Pol Pot forces in Cambodia; training Cuban exile assassination squads in Guatemala; and working with Israel to disrupt the PLO. (WP 8-27-81)

All such operations are supposed to be reviewed by the congressional intelligence committees and by the new Foreign Intelligence Advisory Board established by President Reagan. The 19-member board is unlikely to view covert actions critically, however, as many of its members have long been themselves involved in fronting for CIA missions. Leo Cherne, the panel's vice chairman, was head of the CIA-subsidized International Rescue Committee which was active in propaganda operations in Europe and Southeast Asia. Leon Jaworski, a panel member, sat on a CIA foundation used as a money conduit. (WP 10-21-81)

Frank Terpil claims that CIA employees have been sending "current situation reports" on certain countries to officials in other countries for profit. The information is then passed on to a commercial firm which "in turn sells it as a service." Terpil said on 60 Minutes that he "has certain knowledge of payoffs to at least one active-duty CIA official." (*Baltimore Sun* 11-9-81)

Numerous CIA agents have gone into private careers as anti-terrorist and corporate security specialists. Mike Ackerman, an 11-year veteran of the CIA in Latin America and Europe, left in 1975 to open a security company in Miami. Louis Palombo works with him to combat terrorist threats to business in places like Italy, Spain, and the Philippines. Eleazer A. Williams, a former chief of station in Saigon, now helps run a Washington, D. C. firm that prepares emergency plans for multinational firms. Henry Knoche, once a CIA deputy director, is now a local manager of a private security firm. William Nelson, once head of all CIA covert operations overseas, is now vice president for security at Fluor Corporation. (*US News and World Report*, 9-28-81)

Malaysian police arrested a Soviet "mole" who penetrated high into the government. Siddiq Mohammad Ghouse, the agent, had been political secretary to the education minister from 1974-76, then moved with the minister when he became deputy prime minister. Siddiq was arrested only three days before his boss became sworn in as prime minister. Three Soviet Embassy staffers were expelled on the day of Siddiq's arrest. (*Far Eastern Economic Review*, 7-24-81)

The controversial suicide--or murder--of former ranking CIA officer John Paisley continues to intrigue the press. Two long accounts have appeared recently in the *Portland Oregonian*, 9-6-81 and in the *Philadelphia Bulletin*, 9-26-79. Neither breaks new ground, though the *Bulletin* analysis is one of the more sober ones in my memory.

### **Right Wing, USLP, and Terrorism**

The rise to power of a socialist government in France has shaken loose numerous skeletons from the Gaullist and Independent Republican eras. In particular, the old Gaullist parallel police, the Service d'Action Civique (SAC) has come under attack following the brutal murder of former police inspector Jacques Massie and five members of his family last July. Massie was a former regional director of SAC, which was established in 1958 and responsible to de Gaulle's intelligence adviser Jacques Foccart. SAC recruited strong-arm squads, often from the *milieu*, to fight de Gaulle's political enemies, especially those among the right-wing terrorist Secret Army Organization. SAC was also prominent in the street battles of 1968. Among those arrested for the Massie murder are Pierre Debizet, one of the founders of SAC and its general secretary; and two regional directors of SAC. Debizet served as chief security

adviser to Omar Bongo, dictator of Gabon, and the French press has speculated about Debizet's role in the October 1979 assassination of Robert Loung Nhu, the lover of Bongo's wife who fled Gabon for France.

According to the Communist daily *La Marseillaise*, Massie was also a member of a secret masonic group, the Sovereign Military Order of the Templars, and Massie trafficked in weapons from Turkey to Italy, where they were received by members of the infamous P-2 lodge and then turned over to the Red Brigades.

Although Massie's connections are with the Gaullist camp, his father-in-law is reportedly a longtime Socialist Party figure, and Massie himself apparently broke with the Gaullists in 1978. Thus it will be interesting to see whether the socialists, including Marseilles' former mayor Gaston Deferre (now the Interior Minister), try to suppress any of this story's angles. Certainly the massacre has become politically explosive, with such eminent Gaullist politicians as Jacques Chaban-Delmas, Maurice Couve de Murville, and Jacques Chirac all coming out in defense of Debizet.

Meanwhile, also in France, investigators have linked an Armenian terrorist, a member of the left-wing Armenian Secret Army for the Liberation of Armenia, to the notorious Rue Copernic synagogue bombing in October 1980. Speculation as to the culprits has centered on native French new rightists; Spanish neo-fascists, and even Libyans. The French Interior minister even hinted at the time of the bombing that the Israelis might have had a hand in it. The Armenian connection is the first real break for French police. (NYT 11-17-81)

British police have arrested seven fugitives wanted by Italian authorities in connection with the August 2, 1980 bombing of the Bologna train station. Three of the fugitives are also wanted for robbing armories. (*San Diego Union*, 9-13-81)

The USLP newspaper *New Solidarity* quotes the Italian newspaper *Il Giornale* as charging that Italian Socialist Party chief Bettino Craxi was a longtime protector of the recently murdered Milan underworld boss Francis Turatello, stepson of deported American mafia chief Frank Coppola. Craxi was reportedly often seen at the "Brera "Bridge" gambling casino run by Turatello. (*New Solidarity* 9-10-81)

Bishop Paul Marcinkus of Cicero, Illinois has been appointed an archbishop and named pro-president of the Pontifical Commission for the state of Vatican City. Marcinkus headed the Institute for Religious Works which handled Vatican investments, and it was through his close relationship with Michele Sindona that the Vatican suffered upwards of \$100 million in losses in 1974. (*Sacramento Bee*, 9-30-81)

Omega 7, a militant Cuban nationalist group, claimed responsibility for the bombing of Mexican consulates in Miami and New York, saying they were a "gift to the president of Mexico." Omega 7 is credited with more than 20 bombings and assassinations in the last six years, including the firebombing of *Replica*, a Spanish-language weekly in Miami, and the shooting of a Cuban diplomat on September 11, 1980. (MH 9-13-81) For more on Omega 7, see the article in this issue by John Cummings.

Sun Myung Moon's Unification Church is extremely active in Uruguay and Paraguay. In Uruguay, the government has given it permission to publish a daily newspaper and to build a new five-star hotel in Montevideo and to operate a radio station. In Paraguay, a church subsidiary held a joint seminar with the World Anti-Communist League on the dangers of international communism. (*Latin America Regional Reports*, Southern Cone, 11-13-81)

The Liberty Lobby's *Spotlight* continues its campaign against John Rees (an aide to Larry MacDonald) and the John Birch Society, which has criticized the Liberty Lobby for maintaining relations with the ostensibly pro-Marxist US Labor Party. *Spotlight* notes: "A case in point involved the relationship between Liberty Lobby, internationally renowned security and counterintelligence expert Mitchell L. WerBell III, and former US Labor Party (USLP) presidential candidate Lyndon H. LaRouche Jr. In reporting in August 1977 on WerBell's decision to oversee the physical safety and security of LaRouche, whose name had surfaced on a Baader-Meinhof hit list, (John Rees's) 'Information Digest' asserted that WerBell had first come into contact with the pro-Marxist USLP leader through a Liberty Lobby official, an old friend of WerBell's who had supposedly vouched for the group as a responsible one. When Liberty Lobby contacted Rees to explain that the facts had been reversed and that in fact it was WerBell who introduced Liberty Lobby to LaRouche, Rees refused to make a correction. Even efforts by WerBell, a constituent and supporter of McDonald, to obtain a retraction of the information proved fruitless." (*Spotlight*, 9-14-81)

The USLP's long-rumored links to organized crime are exposed by Dennis King, veteran USLP watcher, in the December 1981 *High Times*. The November 11, 1981 *Village Voice* reports in detail on the recent massive split of some Midwestern and other USLP locals from the body of the organization.

The Anti-Defamation League of B'nai B'rith has published a useful pamphlet with much information on right-wing terrorism: "Terrorism's Targets: Democracy, Israel, and Jews." Its most interesting section touches on the rise of "Nazi-Maoism," the demented merging of extreme left and extreme right. The chief example noted in the pamphlet is that of the German Nazi Manfred Roeder, who looks up to the Soviet Union for solving its Jewish problem. A close look at the extreme right would show that Roeder is not alone. He visited the offices of the Liberty Lobby in Washington, DC a few years ago. The Liberty Lobby's spiritual mentor, Francis Yockey, was another admirer of the USSR, as is (in some aspects) the anti-Semitic USLP. This connection between the Nazi right in the West and the "new right" in the Soviet Union is hardly studied, but look for more on it in future issues of *Parapolitics/USA*.

A wave of terrorism has broken out in the Middle East among breakaway Palestinian factions, in particular the Black June organization of Abu Nidal. In 1978 Nidal's organization assassinated eight PLO representatives in Europe and Asia, and the pattern appears to be recurring. Nidal is thought to be responsible for the killing of a PLO representative in Brussels and of the PLO information chief in Beirut. Nidal's targets have generally been moderate Palestinians who offered some hope for an eventual settlement with Israel.

Nidal is now working with one of the branches of Syrian intelligence, although his organization in the past twice tried to assassinate Syrian Foreign Minister Abdel Halim Khaddam. At that time, Nidal was under the protection of the rival Baathist regime in Iraq. In

supporting Nidal, the Syrians evidently hope to keep Arafat under control and prevent any premature peace negotiations between Israel and the Palestinians.

Nidal's group was also behind a murder plot against Anwar Sadat, the murder of a local Austrian official, the failed attempt on the life of an Austrian journalist, and possibly a succession of bomb blasts against PLO targets in Lebanon. Most notorious of all was the attack on a Vienna synagogue on August 29, blamed on the PLO but almost certainly perpetrated by agents of Nidal working with the local PLO representative who had been secretly working with Nidal for some time.

*Israel and Palestine*, a well-informed newsletter based in Paris, cites a "senior West European intelligence source who says Nidal "is and has been for ten years a CIA asset." It also notes that the PLO representative in Vienna, who helped Nidal's men operate in Austria and who falsely implicated the PLO in terrorist operations there, is married to a full-fledged colonel in the KGB. The I&P analysis, an extremely important one, is in the September 1981 issue.

### **Drug Traffic**

US intelligence reports are said to suggest the involvement of Cubans and Russians in the international drug traffic. A report of the El Paso Intelligence Center says that marijuana-hauling freighters *en route* from South America are met off the south coast of Cuba by unidentified vessels and escorted to off-loading sites in rivers near the Cuban coast. The marijuana is then trucked to the north side of the island while the empty freighter sails through the Yucatan Channel on the western side of Cuba, lands on the north coast, and reloads for the final trip to the US. This technique allows freighters to avoid detection by US Coast Guard cutters on patrol in the Yucatan channel. American intelligence officials also believe that a KGB station chief in Miami was the mastermind behind the "mothership" concept, using large freighters to haul multi-ton loads and then dividing the shipment to smaller, harder to detect boats for the final run. (*Atlanta Constitution*, 6-29-81)

Norman Braman, the Florida Cadillac dealer named as a likely candidate to head the INS, has withdrawn his name, saying that "the current depressed market" has forced him to devote more time to the auto business. (NYT 11-13-81) It seems more likely that Braman is concerned about an FBI investigation into his background. Although charges against him have largely not surfaced in the press (see PPUSA/3), the Miami Herald did quote one drug informant complaining of a double standard: "Norman Braman wouldn't be as big as he is today if it weren't for the dopers coming in to pay cash for all those black El Dorados." (MH 10-13-81)

At his bail hearing, Bradley Bryant, leader of "The Company," said that his business, Bryson Environmental, hauls "hazardous waste for SCH (sic) Services." He was obviously referring to SCA Services, a mob-linked waste disposal firm (see P/2) (Item from court records)

Pakistan has become a major center of heroin trafficking, thanks in part to disruption in the region near the Afghan border where government authority is weak. However, US diplomats charge that leading officials are actually complicit in the trade. CIA reports say that employees of Pakistan International Airlines are moving heroin, and drug enforcement

officials note that when one of its jets was hijacked to Syria, there were four known traffickers among the hostages. (NYT 9-7-81)

Col. Luis Arce Gomez, removed as Bolivian Interior minister in February 1980, remains a powerful figure behind the scenes and is a major wholesaler of cocaine. He controls the regime's Special Security Service, a squad of several hundred agents accused of torture and drug running. "Also reportedly aiding the colonel is a team of more than 20 foreign mercenaries from France, Italy, Belgium, Argentina and other countries. Some of them say they are neo-Nazis. Last year they helped establish and train the Special Security Service, which became the vanguard in storming Government ministries and labor unions offices in last year's coup, in which more than 40 people died. (NYT 8-3-81)

A spate of terrorist bombings in Peru, whose targets included the US Embassy in Lima, have been blamed by Peruvian President Fernando Belaunde on drug traffickers angry about recent US aid agreements to help Peru fight the drug trade. (WP 9-2-81) Townspeople in Tingo Maria, Peru, a center of the cocaine trade, have organized anti-American demonstrations to protest the drug crackdown. (*San Francisco Examiner*, 10-25-81)

Federal agents and local police arrested 33 men and seized a "mother ship" believed responsible for supplying the Northeast with Colombian marijuana. The operation was allegedly bankrolled by organized crime figures in New York and New Jersey. Two mob associates were arrested, Peter Verdicchio, and Joseph Ippolito Jr., an associate of the New Jersey-based family of Sam DeCavalcante. (*Newsday* 9-4-81)

"Two of the past bosses of the Laos opium traffic, Phoumi Nosavan and Vang Pao, have recently been received by the American state Department, as part of their determined attempt to win members of an anti-Vietnamese front." Phoumi and Vang Pao were founders of the CIA's "secret army" in Laos. (*New Statesman*, 8-28-81)

Convicted hit man Charles Harrelson, a suspect in the 1979 slaying of US District Judge John Wood, was convicted of being an ex-felon in possession of guns and sentenced to 20 years in prison. Harrelson said the guns were planted on him. Authorities have been trying for months now to prove that Harrelson killed Wood on behalf of convicted drug trafficker Jimmy Chagra. (NOTP 10-23-81)

Marseilles judge Pierre Michel, best known for his investigation into Franco-Italian drug rings, was shot by a gunman on a motorcycle. (NOTP 10-22-81)

12 people have been indicted and \$10 million in property seized in the largest marijuana ring ever to be prosecuted, as a result of "Operation Sunrise" based in Florida. The alleged ringleader was Manuel Villanueva. One of the indicted is Key West drug lawyer Manuel James. (*San Francisco Chronicle*, 9-24-81)

## **Organized Crime**

A federal grand jury in Milwaukee has indicted reputed mob chief Frank Balistreri, two of his sons, and 13 others on gambling charges following a three-year probe of organized crime in

the city. One of the charges alleges that Balistrieri approved as head of a bookmaking operation an undercover FBI agent who infiltrated the organization. Balistrieri served a 12-month prison term in 1967 for tax evasion. (Santa Barbara News-Press 10-2-81)

On October 16, 1981, a car bomb killed George Faheen, Jr., nephew of slain St. Louis underworld boss James Michaels Sr. Michaels, head of the "Syrian faction" of organized crime in the city, was blown up in September 1980 after the death of longtime Italian crime boss Anthony Giordano, which opened up a violent power struggle. After Michaels, a bomb killed Paul Leisure, an underworld enforcer and former bodyguard for Giordano, probably as revenge for Michaels's death. (Michaels was suspected of having a concealed interest in the Aladdin casino in Las Vegas). Now Faheen is dead and the suspect, Michael Kornhardt, is revealed to have been a close associate of Paul Leisure. (*St. Louis Post-Dispatch*, 9-14-81; 10-17-81; 10-18-81; *Kansas City Star* 10-23-81) Faheen's death was the 21st assassination by bombing in St. Louis in the last 20 years.

A federal grand jury indictment in Miami implicates the president of the Miami National Bank (John O'Connor), former MNB director Truman Skinner, former MNB chairman Joseph Stefan, and three others in one of South Florida's biggest ever bank scams involving the collapse of the enormous Outrigger condominium project. The case was under investigation for more than three years by the Justice Department's organized crime strike force. One of the indicted developers of the Outrigger was Irvin Freedman, a borrower from loan shark Frank Gagliardi and an associate of convicted extortionist Anthony Acceturo. Freedman got \$3 million in loans from Chase Manhattan Bank for another development, and introduced other shady borrowers to Chase, including coal fraud figure James J. Durkin. (Chase is now owners of MNB). Truman Skinner is a former partner of the Helliwell law firm (of Castle Bank fame) and was involved with the Viking land company, whose Florida land frauds were linked to Canadian mobsters. (MH 10-7-81; 4-14-80; WSJ 5-21-81)

International Teamsters Union vice president Jackie Presser, a former member of President Reagan's transition team, has been accused of receiving nearly \$300,000 in cash kickbacks from a public relations firm that did business with the union. The allegations are contained in a suit by Harry Haler, a former consultant with the firm of Hoover-Gorin & Associates in Las Vegas. Hoover-Gorin was incorporated only a week before it got a 4 year Teamster contract worth \$1.3 million. The firm also paid \$2000 a month to convicted murderer Anthony Liberatore, a reputed organized crime figure from St. Louis. Haler, also known as Hall, was convicted in 1973 for offering stolen bonds as collateral to a Chicago bank. (*Cleveland Plain Dealer*, 8-23-81) Meanwhile, Time reports that Jackie Presser, his father William, and Frank Fitzsimmons, informed on rival union members to the IRS in the hope of avoiding possible prosecution. Their meeting with IRS agents was arranged by Harry Hall. Their targets were Jimmy Hoffa, Harold Gibbons (a Hoffa loyalist out of St. Louis), and Jay Sarno, who built two Las Vegas casinos with Teamster funds. (*Time* 8-31-81) In the early 1960s, Hall is alleged to have placed bets for Dallas oil magnate H. L. Hunt. (Alexander Gruber testimony, v. 9, p. 485 of exhibits to House Select Committee on Assassinations report on JFK assassination). Shortly after the JFK assassination, Hall, then in a Los Angeles jail, provided accurate information on Jack Ruby. Hall said he and Ruby once won a large sum of money from Hunt in bets on Cotton and Rose Bowl games, and that Ruby took 40% of Hall's gambling profits because Ruby "was supposed to have influence with the police, so that (Hall) would have no worry about any gambling arrest." Hall said he and Ruby also had connections to the

Murchisons through Billie Byars, a Texas oilman who helped subsidize President Eisenhower. (Peter Dale Scott, *The Dallas Conspiracy* (unpublished), VI-2.)

Carlos Marcello, convicted recently of trying to bribe a federal judge (following his Brilab conviction), has been ordered to repay a \$1.8 million loan to the Bank of New Orleans. (NOTP 9-12-81)

### **Miscellaneous**

Former Howard Hughes aide John Meier, who was a key figure in Watergate (as a partner of Donald Nixon and the Vesco crowd) has been arrested in connection with the 1974 slaying of Vancouver stock promoter Wayne Alfred Netter who was stabbed to death in a Beverley Hills hotel. (*Vancouver Sun*, 8-29-81)

International financier Amos Dawe, who was rumored to have ties to the CIA and who dealt extensively with the Moscow Narodny Bank (see PPUA/1), was acquitted in Hong Kong of four counts of fraud stemming from the 1975 collapse of his property empire. (WSJ 11-30-81)

The Lockheed bribes scandal continues to unravel in Japan. The ex-wife of an aide to former prime minister Kakuei Tanaka told a court that her husband had disclosed to her in 1976 that he had passed \$1.8 million in Lockheed payments to Tanaka. (MH 10-29-81) And on November 5 a Tokyo court found billionaire Japanese businessman Kenji Osano, a longtime associate of Tanaka, guilty for his role in the payoff scheme and sentenced him to a year in prison. The court also gave a suspended sentence to Tsuneo Tachikawa, a former assistant to Lockheed agent Yoshio Kodama, widely regarded in Japan as the key linchpin between the Japanese underworld, the far right, and the Liberal Democratic Party, of which Tanaka remains the most influential leader. (WP 11-6-81)

Lebanese-American arms dealer Sarkis Soghanalian has been indicted for fraud after allegedly keeping \$1.2 million given him in return for arms he never delivered. The deal involved machine guns destined for Mauritania. (MH 8-25-81) Soghanalian played an important role in supplying arms to the Lebanese Christians during the civil war and also supplied weapons to Somoza in Nicaragua.

Recent publications: *Bulletin d'Information sur l'Intervention Clandestine*, no. 7, contains a special dossier on Multinationals and Secret Services; also book reviews, naming names, and a summary of current operations by the CIA, KGB, DST, and STASI. Write to ADI, 46 rue Vaugirard, 75006 Paris, France.

Critique, #5, "A journal exploring conspiracy theories, exposes, metaphysics and the American culture" continues its eclectic mix of the occult, UFOlogy, illuminati, and conspiracy literature. Always fun to read, the magazine contains occasional useful articles, particularly those by Robert Eringer. Write to Bob Banner, 2364 Valley West Dr., Santa Rosa, CA 95401.

## **SPECIAL REPORT ON THE MIAMI DRUG TRAFFIC**

For at least a decade, Miami has been the single most important center of the international drug traffic in the United States. Its strategic role in that traffic has been documented in Hank Messick's *Of Grass and Snow* and in Henrik Kruger's *The Great Heroin Coup*. More recently, Parapolitics/USA has devoted extensive coverage to a dramatic series of drug enforcement operations that took place in 1981, including Operation Grouper, Operation Bancoshares, and the arrest of 9 Dade County Metro detectives for taking bribes from "cocaine kingpin" Mario Escandar.

This special report will look behind these headlines and reconstruct the history of some of Miami's most important drug-linked figures. In particular, it will look at Escandar, at his legitimate business associate Richard Fincher, at longtime federal informant and drug trafficker Ricardo Morales Navarette, and more briefly at former Dade State Attorney Richard Gerstein. Their careers illustrate most succinctly the interweaving of drugs, politics, and intelligence that takes the drug traffic out of the petty realm of crime stories and into the realm of parapolitics.

Except where noted, the text that follows is based on newspaper accounts from the Miami press. "MH" stand for Miami Herald and "MN" for Miami News.

By 1959, ex-Havana nightclub operator Mario Escandar, still only 25 years old, had piled up a long record of arrests in Miami. His early criminal career involved mostly various forms of swindles. In April 1959 he became involved with his brother Rafael in an attempted fraud in which a fortune in stolen bonds was put up for collateral. In November 1959 Mario swindled a Miami Beach jeweler out of a valuable emerald by arranging a fake purchase on board a yacht owned by Bert Naster, a "five percenter" from the Truman administration days. Escandar surrendered shortly thereafter, but worse was yet to come. (MN 11-3-59; MN 11-5-59)

In a series of coordinated raids on December 14 and 15, 1959, federal narcotics agents, supported by state and local law enforcement authorities, arrested Escandar and four others in possession of large quantities of cocaine and marijuana. Leader of the ring was an Argentinian, Wilman Taormina; another member, Jamie Torres, was arrested after making delivery of two pounds of bulk heroin to an undercover agent. (MN 12-15-59)

Escandar's attorney was Harvey St. Jean. St. Jean was a long-time drug lawyer and attorney for French Connection suspect Francisco Condom-Gil (MN 5-7-73), later charged in Operation Grouper. As noted in PPUSA/2, St. Jean was murdered and the chief suspect, Ronald L. Hansen, is also a Grouper defendant. PPUSA/3 noted that St. Jean was himself suspected of complicity with Manuel Lobo in the Miami end of the French Connection.

The other defendants were quickly convicted, but Escandar's case was not so simple. One of the undercover agents involved in the case tried to shake Escandar down for \$3,000 in return for helping to throw the case. The agent was convicted of extortion, but Escandar's case ended in a mistrial (MH 2-5-60). On a second trial, however, Escandar was convicted. Apparently he didn't stay in jail long, however, because in 1964 he was again convicted, this time of causing the interstate transportation of American Express money orders bearing forged signatures. (MN 9-2-64)

Escandar next hit the news in 1970 with his arrest in Operation Eagle, the largest narcotics bust in history. The operation began in February of that year with the purchase by an undercover BNDD agent of heroin and cocaine from Escandar and Juan Restoy, a former member of the Cuban House of Representatives under Fulgencio Batista. The purchase took place in Chicago--an unlikely place for Cuban drug pushers. That peaked the curiosity of federal drug agents and led to an expanded investigation that took in nine cities, from New York to Los Angeles. On June 21 the agents struck, arresting 150 individuals, one third of them from Miami. (Messick, *Of Grass and Snow*, 6; MN 6-22-70)

Escandar was held on \$500,000 bail. The other major defendants, besides Restoy, were Allan Eric Rudd-Marrero, ex son-in-law of former Metro Commissioner Faris Cowart, and Rolando Exposito. Others arrested included Rafael Norberto Pardo Fernandez, owner of Ocean Trading Corp. in Miami, a fashion house in New York city, and other businesses; Jorge Alonso Pujol, son of the former Cuban vice president in the corrupt administration of President Carlos Prio (1948-1952), and Carlos Escandar, Mario's brother. Many of those arrested were Bay of Pigs veterans; Pujol was captured by the Cubans and ransomed by his father (MN 6-25-70), and Restoy was a veteran of the shadowy Operation 40 (Warren Hinckle and William Turner, *The Fish is Red*, 314)

Escandar's attorney was Alfredo Duran, a Bay of Pigs veteran (his father was a prominent Batistiano), Florida Democratic Party chairman, and son-in-law of Carlos Prio. (MN 8-24-70; Nation, 3-19-77) Restoy's attorney was Frank Ragano, a former attorney for Jimmy Hoffa and Tampa crime boss Santos Trafficante, and partner with the Lansky-linked pair Alvin Malnik and Sam Cohen in the Sky Lake Country Club. (*St. Petersburg Times*, 12-29-80; Florida incorporation papers).

Escandar and Restoy both succeeded in escaping from jail; Escandar was caught shortly thereafter, but Restoy evaded capture. Restoy, on the loose, "threatened to expose a friend of the President's unless given freedom and \$350,000." (Messick, 6) Restoy was killed in a shootout with agents of the BNDD, who reported daily to the White House on the hunt for Restoy.

Escandar pleaded no contest and was sentenced to 12 years in prison. But his conviction, and those of many other Eagle defendants, was thrown out by an Appeals court on grounds that the wiretaps used by drug agents had not been personally approved by Attorney General John Mitchell. (MH 1-13-72) This was discovered by Syndicate attorney James Hogan, who pointed out that the signature on the wiretap authorization, that of Mitchell's representative Will Wilson, had been misspelled as "Wil." This strange occurrence sparked much speculation as to the real intentions of the Nixon administration regarding the prosecution of organized crime. (cf. Jeff Gerth, "Nixon and the Mafia," *Sundance*, 1972, p. 68; MN 2-2-73; MH 3-21-73; MN 3-21-73)

Escandar's luck held out until 1977, when he was convicted of kidnapping. Again he pulled off a miracle, this time serving only 60 days for a crime that could have brought him 15 years. thanks to help from Julio Ojeda, a veteran of the Metro homicide squad and the Cuban terrorism unit. Ojeda told the judge that Escandar was a valuable informant who had supplied detectives with information that resulted in the arrest and prosecution of several

important criminals. If true, this would mean that Escandar was an experienced hand at rubbing out his enemies and bolstering his own position by informing on them; but Dade State Attorney Janet Reno insisted that as far as she knew Escandar's cooperation led to the arrest and prosecution of only one individual.

Shortly after Escandar's sentencing in 1977 on the kidnapping charge, the Metro Organized Crime Bureau began an investigation of Ojeda, acting on an informant's tip that Escandar was giving Metro detectives free drugs. OCB detectives staked out Escandar's house and saw detectives from other branches frequenting it; one OCB officer apparently reported seeing Ojeda at a Christmas party with Escandar while cocaine was being distributed and used.

The scandal broke when the *Miami Herald* reported on November 15, 1979 that FBI agents believed "that six or seven Metro homicide detectives have been working for Mario Escandar, described by officials as one of South Florida's most powerful importers of cocaine and heroin. . . . According to the sources, detectives have regularly intimidated Escandar's foes, stolen drugs from them during unauthorized, off-duty raids and arrested several people who complained that Escandar had unfairly treated them. The sources said that the detectives also intervened on Escandar's behalf after several organized crime figures accused Escandar of cheating them in a counterfeiting scheme. In return, sources said the detectives received cash, cocaine, jewelry and paid vacations from Escandar . . ." In short, the Metro homicide squad was acting just like the New York City SIU recently pictured in "Prince of the City."

The next day, the FBI executed searches of Escandar and 16 suspected henchmen, turning up more than \$100000 in cash, several firearms, Ouaalude-making equipment, and more than 10 pounds of cocaine. They also arrested 3 people, a Peruvian jeweler and two Colombians. (MH 11-16-79)

On December 20, a US Secret Service agent who had served with the Metro Public Safety Department, Raul Hernandez, Jr., resigned after his supervisors began asking questions about his relationship with Escandar. (MH 12-21-79)

Days later, sources revealed to the Miami News that Escandar had in his possession confidential homicide reports that identified a witness in a murder-for-hire case involving the assassination of Ernesto Torres in 1976. Torres was allegedly a numbers operator and organized crime hitman in Union City, who was murdered on orders of Jose Miguel Battle, a Union City numbers boss convicted of conspiracy to murder in 1977. (MN 12-28-79)

The case became bigger yet when word leaked that FBI wiretaps on Escandar had picked up several friendly conversations between Escandar and US District Judge William O. Mehrtens, the judge who tried Escandar in Operation Eagle. Asked about this, Mehrtens admitted, "I'm fairly friendly with him. I've known him for a number of years. I've given him advice and tried to help him stay out of trouble. I would say we have a casual friendship." Escandar, on the other hand, told associates that his relationship with Mehrtens was much closer, and that he was able to fix a 1977 hearing in Mehrtens' court. (MH 6-26-80)

Metro police finally got their man in March 1981, when they arrested Escandar for soliciting a quarter of a million dollars as down payment for the murder of two men who were threatening a Miami Springs man. (MH 3-26-81) Escandar's attorney at this point was Edward Shohat,

also representing a member of the Alvero-Cruz drug syndicate and Jorge Zimeri, a Guatemalan rightist wanted for murder in his home country. (MN 4-1-81; MH 4-25-79)

Subsequent events have been reported fully in Parapolitics/USA. Escandar was able to plea bargain with state and federal prosecutors in return for his testimony against as many as 18 suspended or transferred Metro homicide officers . In July of this year, a grand jury indicted nine former detectives for stealing drugs and money from crime scenes, stealing money from the police property room, shaking down Escandar's rivals, and lying on their tax returns. (MH 7-15-81)

Mario Escandar's milieu included several prominent politicians and businessmen, one of the most important of whom was Richard Fincher, a former Florida state senator often mentioned in Parapolitics/USA. Hank Messick provides the background to Fincher in his *Of Grass and Snow*:

"Informants in the Cuban community had told BNDD in 1970 that Fincher had been especially close to Restoy. He was also said to be 'in tight' with Mario Escandar; and with Manolo Rebozo, an up-and-coming politician. Other informants in 1970 linked Fincher, Escandar, and 'Kaki' Argomaniz. Kaki was identified as Enrique Argomaniz, half-brother of Alberto and Honduran consul in Miami in his spare time. His full-time job was South American consultant for Fincher Motors. Those 1970 investigations also disclosed that Escandar and Fincher . . . formed a corporation to handle franchise rights to automobiles and auto parts produced by a Spanish firm dealing in sports cars." Federal agents tailed Escandar to Fincher Motors where he "spent seventy-five minutes talking to Kaki Argomaniz." (174) Kaki's half-brother, Alberto, was also a business partner of Fincher, in Fincher, Argomaniz, and Dawson, Inc.

The Dawson of that firm was father to Guy Dawson, a convicted marijuana trafficker (capable of handling tons of the weed) and to David Dawson, called "a known narcotics dealer" in a Justice Department report on WFC Corp., a huge drug money laundering operation (see John Cummings, "Miami Confidential," *Inquiry*, August 1981). The Justice report notes that Dade County narcotics detectives became intrigued when they discovered large amounts of marijuana residue being dumped by a subsidiary of Fincher, Argomaniz, and Dawson (FAD) into a dumpster that also held old master charge receipts of David Dawson. Aside from Dawson's record, police knew that Alberto Argomaniz had been arrested in 1972 by Tallahassee police with 3 pounds of marijuana in his car. (MH 3-23-80) More recently, Alberto has been accused of being a partner with Bebe Rebozo's nephew Donald in a drug ring that supplied Monroe State Attorney Jeff Gautier. (Ibid. ) In 1973 a federal grand jury investigating the narcotics traffic called Fincher, Escandar, and Alberto's half-brother Enrique to testify. Kaki, head of the Latin American division of Fincher Motors, and Latin campaign director for Fincher, pleaded guilty to tax fraud in 1974. (MH 9-1-72; MN 5-10-74) Press reports suggested the grand jury was searching for ties between the Fincher-Escandar-Argomaniz group and the Trafficante family, represented by Evaristo Garcia Vidal, who fled to Costa Rica in 1969. (MH 9-1-72) The fact that Escandar's drug partner Juan Restoy was represented in Operation Eagle by a Trafficante attorney (see above) suggests that such links were significant.

The Justice report mentioned above indicates that Fincher "has been observed at a number of social functions with Guillermo Hernandez Cartaya," head of WFC and convicted in 1981

of tax fraud in the only prosecution stemming from that case. It further notes that "Additional business associates of Fincher, Ramiro Garcia and Guillermo Marsal, have alleged to confidential sources that they bring into the United States one hundred kilos of cocaine from Cuba, three or four times a year. . . . A DCOCB source has advised that in 1972, WFC Chairman Guillermo Hernandez Cartaya, Fincher, and Alberto Argomaniz formed a partnership to import cocaine. . . . Enrique Argomaniz, brother of Alberto, is a close personal associate of WFC chairman Guillermo Hernandez Cartaya, and has been employed in various capacities at WFC. . . . he was allegedly investigated by federal agencies in regard to gun smuggling and revolutionary activities. He has been associated in the past with known major narcotic traffickers, including Fernando Acosta and Mario Lobo." (On Lobo, see PPUSA/3 and above on Escandar).

Richard Fincher boasts that Bebe Rebozo "is a very close friend of mine," and they are joint investors in Lummus Island, according to *Newsday*, which notes Fincher's "history of friendships with underworld figures." (*Newsday* 10-13-71) Bebe and his nephews have associations of their own with the drug traffic. Bebe is allegedly a close acquaintance of alleged Paraguayan drug kingpin Miguel Angel Napout. (*Latin America Regional Report*, Southern Cone, 7-31-81). Hank Messick charges that four of Bebe's nephews grew marijuana on Fisher's Island, a Rebozo-Nixon-Smathers investment (Messick, p. 171) We have seen that Donnie Rebozo is alleged to have been a partner of Alberto Argomaniz in a drug ring. Michael Rebozo was sentenced in 1973 to a year in jail for possession of nearly 1/2 pound of cocaine, and Charles Frederick Rebozo was arrested in January 1981 at National Airport in Washington, DC with 3 pounds of cocaine in his briefcase. (Messick, 172-3; *WP Magazine*, 6-21-81)

Fincher has been publicly identified as a partner in a rock concert promotion with Chicago mob associate Burton Wolcoff. (MH 6-21-81) But a confidential Dade County Organized Crime Bureau report identifies numerous other Fincher associates. The report alleges that Fincher is a golfing partner of Paul Hornung, "who is a known acquaintance of Anthony Russo." (Russo is a leading New Jersey mobster). It notes that Fincher was living with Dominic John Squillace, a prominent Pennsylvania leader of the Greek mob, and close associate of Wheeling, West Virginia mob boss Paul Hankish. Squillace apparently made a call to Hankish from Fincher's phone. Another call went to the number of F. L. Cappaert, an alleged associate of Carlos Marcello. "Intelligence from Texas advises that Carlos Marcello owns extensive property in the Brownsville area and is alleged, at this time, to be putting money into a "Brownsville Country Club," known to also, be backed by Hernandez-Cartaya of the WFC corporation in Miami." Yet another call went to a Houston man said to be a "close friend" of Marcello's. Others went to individuals alleged to be involved in land fraud and heroin deals in Arizona, to the son-in-law of Vito Genovese, to a company fronting for Anthony Russo, and to "Jimmy the Greek," the famous odds maker in Las Vegas. In short, Fincher is an extremely well-connected man, which may explain why prosecutors have never touched him.

Messick relates that "Consideration was given to taking him before the Dade County grand jury, but when investigators recalled that then State Attorney Richard Gerstein was another friend of Fincher they dismissed the idea." (Messick, 174)

Since Gerstein was elected State Attorney from Dade County in 1957, he has been a subject of controversy in law enforcement circles. As early as 1958 an FBI report indicated that Gerstein was an associate of the Cleveland syndicate and that his "bag man" was Jay Weiss, son of a prominent Miami liquor retailer who had financed Gerstein's election. In later years, Gerstein made a killing in the L. F. Popell Co. stock promotion engineered by Weiss, and in turn appears to have protected Weiss's liquor interests from investigation. (MH 8-8-66; 8-7-66). Weiss is a long-time business associate of the Lansky-linked partners Alvin Malnik and Samuel Cohen. Still later, in 1974, Gerstein was observed meeting with gambling figures at a Miami Beach clothing store. (MH 11-12-79) He is said to have been a partner of Jack Cooper in the West Flagler dog track (see PPUSA/3).

Richard Gerstein became a leading target of IRS investigation in Operation Leprechaun--an operation he is said to have destroyed through malicious leaks to the Miami News. According to one *Miami News* report, a Miami club owner was threatened with having his secret partner, Enrique Argomaniz, exposed publicly unless he agreed to spy on Gerstein and other public officials who apparently liked to hang out at his club. (MN ?-8-75)

Gerstein resigned from office on December 1, 1977 in order to go into private practice. His clients include Armando Lacasa, a Miami commissioner suspected of drug links (MH 6-3-81) and most recently, "drug kingpin" Donald Raulerson. Raulerson, who once was a protected informant of the Florida Department of Law Enforcement, recently pleaded guilty to charges stemming from the FBI's money-laundering sting, Operation Bancoshares. A grand jury, meanwhile, has begun investigating Gerstein's role in allegedly paying a \$100,000 bribe to the attorney general of Panama to release some \$2 million in seized drug money. This allegation stems from admissions made by Raulerson to undercover FBI agents posing as money launderers. Gerstein admits going to Panama for Raulerson but denies paying a bribe. When he was arrested in January 1981, Raulerson was publicly described as the largest drug trafficker in the Southeast. (MH 9-3-81; MH 10-6-81)

Our last figure of interest is Ricardo Morales Navarette, a Cuban exile deeply involved in the netherworld of multiple intelligence agencies (FBI, CIA, DISIP, etc.), Cuban exile terrorism, and narcotics trafficking. A professional informant, Morales has probably broken the law more times than most of the criminals he has fingered. He enjoys an awesome reputation in Miami, where many remember him as a hit man for the CIA and protected source for the FBI.

Morales had a brief career as an intelligence agent for Castro, then became disillusioned and left Cuba for Miami in 1959. Like many exiles active in CIA work, he volunteered for mercenary work in Africa and in 1964 joined the anti-Communist Fifth Congolese Brigade, where he rose to the rank of captain in a paratroop unit. He was also trained in demolition work by the US government.

In February 1968, members of a Miami police intelligence squad arrested Morales for complicity in the bombing of a Miami store that forwarded food and medicine to Cuba. Police found Morales's fingerprints on a package of C-4 explosive used in the raid by Cuban Power, a terrorist organization headed by Orlando Bosch. (MN 2-14-68; MN 2-15-68)

Morales turned informer for the FBI and began working with Bosch to bomb foreign ships and other targets selected by Cuban Power. Morales supplied Bosch with six phony bombs

provided by the FBI, each of which failed to go off, but which provided the ammunition for the prosecution of Bosch and eight other Cuban exiles on bomb charges. (MN 11-7-68) In one tape recording played during the trial, Morales was heard to say "I understand a man named Hunt of the Republican Party . . . (next few words unintelligible) . . . wells . . . (unintelligible) . . . Texas, has given \$15,000 to Cuban Power to place bombs." Bosch replied, "I have not received the money, but you are the second person to tell me this." Dallas oilman H. L. Hunt denied giving money to Cuban Power, but admitted supporting the political campaign of Fernando Penabaz, who lives in Coral Gables. (MN 11-12-68) (Penabaz is now serving a 20-year sentence for smuggling cocaine. See Hinckle and Turner, *Fish is Red*, 315) All the Cubans, including Bosch, were convicted. (MN 11-16-68)

Five years later Morales again worked for the prosecution, this time against Eladio Ruiz, charged with the murder of German Lamarzes. The prosecution charged that Ruiz and Lamarzes had had a falling out over the drug traffic (Lamarzes already had a cocaine conviction) and that Ruiz killed him. But the charges were dropped when a key witness changed her story. Seventeen days later, Ruiz himself was found dead--and police sought Morales for questioning. He had been seen fleeing from the scene of the crime with a pistol, reportedly the same caliber as that used to shoot Ruiz. Police thought that Morales may have decided to kill Ruiz before Ruiz could take his revenge, but no charges were ever brought against Morales. (MH 8-2-73; MN 8-2-73)

His informant activities, in any case, clearly did not endear Morales to his fellow Cubans. In July 1974 a bomb ripped a foot wide hole in the floor of a car he was driving. "I'm not saying that it's Dr. Bosch," he said of the convicted terrorist who had been released from prison in 1973. Morales noted that this was the second attempt in a year to kill him. He bragged that a man who tried to assassinate him on June 25, 1973--obviously referring to Ruiz--later "committed suicide on the doorstep of my apartment." (MN 7-3-74)

Morales realized that his luck was running a little thin. In 1974 he left Miami for Venezuela, where he joined the intelligence service DISIP, reportedly with the job of screening Cubans who entered the country. At his direction, Orlando Bosch was arrested that year in Venezuela on charges of international terrorism; he was wanted in the United States for parole violations stemming from the 1968 bombing conviction. But the US Justice Department declined to seek extradition, and Bosch was set free, bloated with money and protected by a small army of Chilean bodyguards supplied by the militant Pinochet regime. on whose behalf Bosch would continue to pursue his anti-Castro operations. (MN 10-23-76) Those operations included the terrorist acts planned at the CORU meeting in the Dominican Republic in the summer of 1976, acts such as the bombing of the Cubana airlines plane off Barbados, killing all 73 aboard. Venezuela again took Bosch into custody, and this time the State Department pressed for his immediate extradition. MN 10-15-76)

The plot thickened with the revelation that accused Miami bomber Rolando Otero had been spying in Chile earlier in 1976 on behalf of Morales, until caught in the act by the Chilean DINA and arrested. The Chileans then deported him to stand trial in Miami on bombing charges. Those charges, ironically, stemmed from admissions Otero made to Morales--who then passed them on to the FBI--that he, Otero, had planted nine bombs in Miami. Otero confided this to Morales in December 1975, then moved on the Dominican Republic and then to Venezuela, where Morales housed, supported, and eventually recruited him. The two men

originally met through a mutual friend who fought with Morales for the CIA in the Congo. (MN 11-15-76) Morales never showed up at Otero's first trial on the bomb charges. (At that trial it was revealed that Otero's apartment fronted for the bolita racket as well as terrorist operations). (MN 8-19-76)

Otero was acquitted in the first trial of federal charges, but the state reindicted him for essentially the same crimes. This time Morales agreed to testify. The case was one of Miami's biggest; the bombs in question had ripped through the Miami International Airport, FBI headquarters in Miami, the Miami police department, the Dade State Attorney's offices, and several post offices. (One of the informants against Otero, besides Morales, was Max Gonzales, a long time associate of Frank Sturgis who, at the time of the trial, was serving a sentence on bad check charges.) (MH 12-22-76) In the end, however, prosecutors decided that Morales's presence at the trial would hurt their case; he had, after all, been implicated in at least one bombing of his own and had turned professional informant to avoid prosecution. Much to the dismay of Otero's attorneys, Morales simply disappeared. They contended, to no avail, that Morales, a trained CIA bomb expert, was a more likely suspect in the bombings than Otero. (MN 1-20-77; MH 1-31-77)

Morales similarly evaded a subpoena to testify before the Washington grand jury investigating the Letelier assassination. According to one account, "The grand jury is checking on the activities of Edward (sic) Wilson, and three Cuban exiles from Miami in connection with the Washington bombing last Sept. 21 . . ." (MN 4-29-77) This followed Bob Woodward's prescient (though garbled) report about the suspected involvement of Ed Wilson (of Wilson and Terpil fame) in the bombing.

Morales did, however, appear before the Miami grand jury investigating the near fatal bombing of radio newsman Emilio Milian on April 30, 1976. (Milian lost both legs in the attack. His associate Juan Peruyero, former president of the Bay of Pigs Veterans Association, was assassinated on January 7, 1977 only two days after calling Milian to tell him that he had uncovered vital new evidence in the Milian bombing. (MN 6-25-77)) Another man called to testify before both the Letelier and Milian grand juries was Rafael Villaverde, a longtime CIA agent recruited for an assassination plot by Ed Wilson and recently arrested in Operation Tick-Talks, in which Morales was also involved. Interestingly, in a second appearance before the Milian grand jury, Morales took the fifth amendment. Federal prosecutors tried to no avail to use a pending drug charge as a weapon to force Morales to talk. (MH 5-27-78)

The drug charge followed a seizure by Miami detectives in March 1978 of \$14 million in cocaine and \$913,000 in cash held by a ring headed by Carlos Quesada. Morales was picked up two weeks later as a suspect in the operation. (MH 4-7-78) At the same time, police confiscated 5,000 pounds of marijuana worth about \$1.5 million.

Among the conspirators arrested by police was Francisco Rodriguez Tamayo, known as "El Mejicano," and like Morales, described by police as a "hit man." Tamayo was Quesada's connection to the far-flung drug syndicate of Jose Medardo Alvero-Cruz, one of Miami's biggest drug movers. Alvero-Cruz, a Bay of Pigs veteran, was convicted in 1969 of possession of marijuana and again in 1972 of concealing assets to avoid paying taxes. (He was convicted again recently on a major tax charge). Tamayo, according to police informants, was acting as

Alvero-Cruz's agent; Alvero-Cruz would supply the marijuana and Quesada's gang would handle unloading and distribution. (MN 4-27-78)

Morales's arrest attracted considerable national interest, particularly when it was learned that police found in his possession a highly classified list of radio frequencies used by the DEA, FBI, Secret Service, and other federal, state, and local law enforcement agencies. Rep. Lester Wolff (D-NY), chairman of the House Select Committee on Narcotics Abuse and Control, visited Miami to look into the case. "There have been allegations that Morales had connections with DEA in the past and we want to know why is he in local custody and not in federal custody," Wolff said. "I can assure you we'll find out before we leave." (MN 6-10-78)

Morales was acquitted in the marijuana case because the government, on technical grounds, could not prove possession. (MH 7-30-78) The focus of the investigation then turned to Jose Alvero-Cruz. In 1978 Assistant US Attorney Jerome Sanford traveled to Spain to investigate Alvero-Cruz; there they found that he had more than \$7.5 million stashed in Spanish banks, maintained three plush Madrid condominiums, and owned three luxury cars. They also learned that Alvero-Cruz had traveled on a Cuban passport issued in Madrid, fueling speculation as to DGI involvement in the drug trade. Prosecutors managed to "turn" Carlos Quesada into a government witness in return for dropping drug charges stemming from the March 1978 arrest; they also called Morales to testify before a grand jury investigating Alvero-Cruz. Finally, they garnered information from a former member of the Alvero-Cruz ring living in Madrid, Carlos Hernandez Rumbaut. (MH 10-26-79; 12-11-79) Rumbaut, a Cuban exile operative in the secret "Deacon 1" program of DEA Special Operations chief Lucien Conein, fled the United States on a drug charge.

Alvero-Cruz was convicted on tax charges, but that didn't stop Morales from continuing his own dabbling in the drug trade. As is now known (PPUSA/3; MH 8-12-81) Morales was a key figure in one of the most important drug conspiracies since Operation Eagle: the Villaverde-Castro-Condom ring broken in Operation Tick-Talks. It was Morales who turned informer on that ring and provided prosecutors with information that would help them round up some of Miami's most prominent CIA-terrorist traffickers.

Parapolitics/USA has obtained a copy of Morales's secret testimony to Assistant State Attorney Rina Cohan on December 16, 1980, some eight months before the ring was busted. He agreed to talk in return for a promise that he would not be prosecuted. What follows is a summary of his story.

Morales says he got to know Quesada in 1972 or 1973, but didn't know then that Quesada was involved with drugs. Morales only began dealing drugs with Quesada in November 1977, when Morales was still a high-ranking official in the Venezuelan DISIP. They stopped working together a month later; then Quesada was arrested on cocaine charges in March 1978. Morales went to visit him and the two immediately plotted a 10 ton marijuana deal, only to get themselves arrested. Morales, of course, was acquitted; he began dealing in cocaine almost immediately thereafter, handling up to 60 kilos a month through a Colombian connection.

In 1979 Morales and Quesada, back together again, turned to Bolivia as their main source of cocaine. They sent couriers down to Bolivia to negotiate large shipments, which they in turn

distributed as far away as the West Coast. Two of their main suppliers were Air Force colonels Ariel Coca and Luis Arce, prime movers behind the "cocaine coup" of 1980. The DEA busted one of their 800-pound cocaine shipments.

Morales began doing business with Rafael Villaverde in September 1980, after Morales returned from a cocaine-supply trip to San Francisco. By October he had met the Condom brothers, who were deeply into heroin. Morales says he refused to get involved in the heroin trade.

The proceeds of the heroin deals, Morales suggested, went in part to finance political campaigns in Miami. The Condoms favored Manolo Rebozo for mayor. (So, of course, did WFC Corporation.) The Condoms claimed to have held discussions with him about financing his campaign.

The conspiracy, of course, continued after this testimony by Morales. Operation Tick-Talks has temporarily faded from the news pages, and so has all mention of Morales. Parapolitics/USA will continue to follow the case closely, however, as new information and documentation emerge.

The article that follows will help round out the picture painted above. In particular, its author John Cummings ties key figures in the drug traffic (e.g. Juan Restoy and Alvero-Cruz) into the terrorist network of the Novo brothers, infamous for their involvement in the Letelier assassination. This article appeared in *Gallery* magazine with many of its drug revelations deleted.

As this newsletter goes to press, *Harpers's* January issue has just appeared with a long article on Morales and Operation Tick-Talks.

## John Cummings, “Omega 7”

Published in Parapolitics/USA #5, October 31, 1981

The man took short, repeated, trips to the window of his shop in Union City, N.J. He looked up and down Bergenline Avenue and then leaned back against a table. The man had been receiving some strange phone calls at odd hours. That’s usually how it starts.

Fe had been approached to contribute to “the cause” and he had also been pressured by two swarthy men who wanted to use his basement after business hours, no questions asked. In Union City, you learn never to complain to the police about these things.

So the man just watched and wondered. “Sometimes I think Omega is watching me.” he said.” Sometimes I think it’s the mob.”

His companion broke into convulsive laughter.

“Why are you laughing?” the merchant asked.

“They’re the same guys.”

\* \* \*

It was in 1974 when the “Zero,” Omega 7’s mark of death, was sent to the first victim. It began a nine-month of the-reign of terror in Miami’s “Little Havana.”

In 1979, after receiving phone calls with nothing but a ticking clock on the other end, death came to a prominent New Jersey Cuban exile, shot down in front of his house in Union City.

In the ensuing years, the skein of death moved northward, but little has changed in the world of Cuban exile terrorism except the body count.

“Hit lists” of those marked for death, just as they had five years earlier in Miami, are appearing in the New Jersey “Cuban corridor” stretching along the west bank of the Hudson facing New York City.

Then, in September 1980, in what the organization’s leaders must have considered their finest hour, Omega 7 turned the sidewalks of New York into their personal battleground by murdering a Cuban UN diplomat, marking the first time a UN diplomat had been executed on American soil. The FBI, sparked by public outcry, said it had upgraded terrorism above interstate theft investigations. And the Justice Department since has been busy closing barn

doors.

The FBI called the diplomat's killing "a serious departure" in tactics for the Omega terrorists. But it all had the aura of *deja vu*. Only the setting was different for this group the FBI labeled "gangsters wrapped in the Cuban flag." Instead of "Little Havana's" Calle Ocho in Miami, they were now operating on a second front, its center being across the Hudson in New Jersey along Union City's Bergenline Avenue.

One Florida law enforcement official said: "it's ironic when you think about it. The feds had their hands on these guys just a few years ago and the feds let them just walk away...Maybe it's more than ironic."

He also wondered out loud about two other questions: Why did the federal government take so long to move? Why did it dismiss Omega 7 for so long as a localized group of political fanatics, when the evidence was clear as long as seven years ago that it was an organization with international ties and one aligned with organized crime?

\* \* \*

The sun's heat in mid-October still rises from the sidewalks with the intensity of July, belying the calendars that hang on the bodega walls bedecked with Cuban flags along Miami's Flagler Street. The old men rarely gather to play chess along the sidewalk before twilight.

It was no different in October 1975 as Rolando Masferrer made his way to the respite of a corner cafe for his morning swallow of sweet Cuban coffee.

Rolando Masferrer had been a gangster in Cuba and he had merely moved his operation 200 miles north when the Cuban revolution inconvenienced him. In Little Havana he was an object of both scorn and fear. A Communist in Cuba until 1944, he had become a political power in his own right in the old days under Fulgencio Batista and headed his band of political thieves known as "The Tigers." He had ruled Cuba's Oriente Province, where Castro began his revolution in 1956, the way Capone had ruled Chicago.

It was not surprising that Masferrer was one of the first to flee Cuba when Castro's bearded warriors swarmed into Havana. But for him, exile had been no problem. In Miami, Masferrer merely took over where he left off in Cuba. His criminal ties and his private fortune still intact, Masferrer opened a weekly newspaper called *Libertad* and used it both as a sounding board for his right-wing propaganda and as a sword over the heads of anyone who

would not pay homage or tribute to “El Tigre,” as he was known.

It had come to Masferrer’s attention that, among others, two brothers named Ignacio and Guillermo Novo, had been cutting a swath through Little Havana because of their connections with another prominent exile, Felipe Rivero (a man respected for his part in the Bay of Pigs invasion and one with strong political ties in a city now predominantly Latin). Rivero, using the Novos, had built a small but disciplined group known as the Cuban Nationalist Movement (CNM). Masferrer, though ever voicing a firm belief in free enterprise, didn’t like competition.

Rivero, as ideological head of the CNM, headed the Miami, or southern, region, and the Novos had built the CNM as a force to be dealt with in the New Jersey area. But though the movement had spread beyond Miami, to Puerto Rico and as well as New Jersey, authorities knew that when decisions were made, they were made in Miami.

The Novos, neo-Nazi in their outlook, had been arrested for firing a bazooka at the UN in 1964 while Cuban Economics Minister Ernesto (Che) Guevara was addressing the General Assembly. This had made the Novos and their associates folk heroes of sorts in the macho world of Little Havana and in the growing New Jersey Cuban exile community stretching from Elizabeth northward through Union City and Weehawken to West New York.

But when they thought no one was looking, Miami police noted, Guillermo and his friends worked as “mules,” or couriers, for other exiles who had amassed their own crime families and personal fortunes from the estimated \$20 billion worth of cocaine that passes through Miami each year. Because of them, Miami had become to cocaine what Marseilles had been to heroin. Millions in untaxed money went into legitimate businesses. And it was an open secret that politics and narcotics, like rice and beans, went together in the Cuban exile community. One had merely to look at those netted in Operation Eagle, the federal government’s massive drug investigation in 1970, to see that 70 percent of those arrested had been members of’ the CIA’s Bay of Pigs invasion brigade.

The Novos were known to have worked for Juan Restoy, one of the legendary “Cuban mafia” drug dealers, who imported his illicit goods into Miami and used the Cuban communities of New Jersey as distribution centers.

Masferrer, like Restoy, did not stoop to actually touching drugs. He left that to others. Masferrer did openly practice extortion. Said one Miami police official: “He shook down

everybody and the Novos were obviously the next on the list. He said he was going to publish the names of a lot of drug dealers.”

Masferrer, according to the word on the street, had let it be known to the Novos that unless they paid him off he would denounce them in Libertad as drug merchants rather than the patriots they claimed to be.

Masferrer was also a very careful man. Eighteen months earlier, another prominent Cuban exile, Jose Ellas de la Torriente, had been shot to death in his living room. Outside his door on that Good Friday in 1974, authorities found a piece of paper bearing his initials and the symbol of a zero. The next day, a letter was sent to Miami newspapers warning that de la Torriente was but the first target.

“Each in his own time and in a cool and dispassionate way will start getting his zero,” the letter said. “An infinite zero will adorn their soon-to-be-forgotten tomb (sic). . . Cemeteries are very big and we have more than enough to fill them.” Several days later, a second letter went out to the local media containing a “hit list” of 13 prominent exiles marked to receive their zero. It had largely been forgotten in the months that followed, dismissed as a Castro provocation. But Masferrer hadn’t forgotten; his name was on it.

Even at that early date, some Miami observers, like soldier of fortune Gerry Hemming, could see the handwriting on the wall.

“The terrorists,” he said, “want to straighten out some old scores. To get cooperation from certain elements of organized crime, they’re going to hit targets that are of no use to the Cuban mafia. One hand is washing the other.”

So, as Masferrer walked down Flagler Street that day in October, he looked across at his parked 1968 Ford Torino and saw someone looking inside it. He dashed over to the man and grabbed him. It was, it turned out, Ignacio Novo. From his hip pocket, Masferrer drew the gun he always carried and dragged the screaming Ignacio, the smaller and less aggressive of the two Novos, back to Masferrer’s nearby office. Hardly anyone pays attention to such things in Cuban Miami, especially when the “El Tigre” was involved.

Masferrer later bragged that he pistol-whipped Novo, before ordering him to strip. And then, he sent the battered, bleeding and naked Ignacio out onto Flagler Street as an object lesson for all to see. “I told him,” Masferrer later confided, “that I would stick his face in a toilet if he ever came near my car again.” In October 1975, the Novo brothers were just two

small punks to Rolando Masferrer. They would not achieve worldwide fame until a year later. Masferrer had a laugh, drank his coffee and forgot about the Novos after the incident with Ignacio.

Two weeks later, on Halloween evening, 1975, Rolando Masferrer turned the ignition of his car and was blown to bits. The bomb was made of plastic explosive with a homing, or radio-operated device, placed inside it. It was a bomb, the Miami police said, made by someone with the highest technical expertise.

It marked the first time a bomb of its type was used in a political assassination on American soil. No one had ever been charged with Masferrer's murder. "He will not be missed," was what one exile said of him at the time.

The following year, in September 1976, the same device would be used to kill former Chilean Defense Minister Orlando Letelier as he was driving within the shadow of the U.S. Capitol in Washington. The Letelier murder was carried out by DINA, the Chilean secret police organization created by the CIA after it brought the Chilean military junta came to power in September 1973.

And it was to the Novos that the DINA came in search of willing accomplices in that killing, one that gave them the fame they were seeking as "anti-Communist freedom fighters."

But more killing was to be ordered before Letelier. Five days after Masferrer's murder, another letter postmarked Philadelphia was sent to the Associated Press in Miami claiming credit for the killing, saying: "The secret organization Zero is responsible for the slaying" and added that Masferrer's death "should serve as an example for those who disdain the cause of Cuban liberation."

In that same "communique," Zero also claimed something else—that it had also moved against another target, but that was an execution that had failed. The target, half a world away in Rome, was Chilean expatriate Bernardo Leighton, a former Chilean senator who had fled his country after the CIA-backed military coup. The attack on Leighton, who walking on a street with his wife on Oct. 6, 1975, left former Chilean senator partially paralyzed. The attack on Leighton was, of course, outside U.S. jurisdiction. And Masferrer? Well, the FBI decided that was a "local matter" as were the other "Zero" murders that followed almost weekly along with scores of bombings in public buildings.

A federal prosecutor in Miami, R. Jerome Sanford, began to ask some questions. Who were these men who planned and carried out executions on two continents? And where did their support come from? And why did they seem to operate with impunity? Sanford got official silence in response from the Department of Justice and from the federal agents he prodded and pushed for answers. Last year, out of frustration, he resigned from the Justice Department.

It didn't take investigative expertise to learn that these assassins weren't trained by Russians in Yemen, Libya or Ethiopia or Havana. Most of the members of Omega 7 were trained originally by the CIA in Florida. And as Sanford saw from the records, most were involved in drugs.

They, like thousands of other exiles, had been part of what became known as the "secret war" against Cuba. For almost five years, from the Bay of Pigs until mid-1965, more than \$50 million was spent by the CIA in an operation known as JM/WAVE. A permanent staff of 300 Americans, headquartered at a nondescript building on the south campus of the University of Miami, controlled 6,000 Cuban exiles who harassed Fidel Castro with raids, attacks on Cuban shipping and assassination plots. It became a vast "secret army," and the best of the group were given training at Fort Jackson, Fort Knox and Fort Benning.

Then, almost overnight, Lyndon Johnson dismantled the operation. CIA operative Theodore Shackley, who ran JM/Wave, was sent to new anti-Communist ventures in Laos. And left behind, in shock and with the bitter memory that they had been used and then cast aside, 6,000 well-trained and fanatical anti-Communist Cubans aligned themselves with either old friends in the mob or fanatic right-wing groups or both, vowing to fight on to "liberate" their Cuban homeland. In effect, the CIA had financed, organized and then largely abandoned a "Cuban PLO" and then left it to fend for itself.

From this milieu came Rivero, the Novo brothers, Carlos Rivero Collado, Virgilio Paz and Jose Dionisio Suarez, Armando Santana and Alvin Ross Diaz. This became the nucleus of the Cuban Nationalist Movement that, in turn, become the hardcore Omega 7. The FBI now says they are one and the same.

And what the CIA had created, the Chilean junta nurtured and used. This country had, in the name of anti-Communism, created an organization that later terrorized the nation that had paid to organize it.

And what began with Masferrer's and de la Torriente's deaths became part of a reign of terror in that involved at least five murders and more than 200 bombings in Miami (at one point in early 1976, there was a murder a week in Little Havana), the murder of Letelier a year later, scores of bombings and attacks on Cuban diplomatic mission and airlines offices around the world, actions that threatened the U.S. hijacking treaty with Castro. Then came attacks on Russian freighters and diplomatic installations in the New York area, two murders of prominent Cuban exiles in New Jersey, and finally there was the murder of the Cuban diplomat Feliz Garcia Rodriguez last September as he was driving through New York City.

The FBI could hardly ignore the Letelier case since it occurred on Washington's Embassy Row. Unlike murder in Miami or New Jersey it could not be shrugged off on jurisdictional grounds.

Yet there is at least some evidence that the FBI, and the concerned agencies in general, knew all along more about the terrorists and may have been more involved in their activities than was generally believed.

The genesis of Omega 7 traces back to 1974 when the CNM, feeling itself abandoned by the CIA, and the Chilean DINA, newly created by the same intelligence agency, "found" each other. This connection with the DINA was important to Felipe Rivero for many reasons. Not only did it mean money, support and arms but the opportunity to carry on a "War Throughout the Roads of the World" against Cuban diplomatic missions and installations. Rivero, a member of the Pay of Pigs invasion brigade, had endured 20 months of imprisonment in Cuba and seen his family lands and property confiscated by Castro. He was a bitter and desperate man, relegated to the status of an automobile salesman on Miami's Southwest Eighth Street.

An alliance with DINA was to bring him support from another source, a group that has become loosely known as the Fascist international. And here, two other key figures of the CNM, come into focus. Jose Dionisio Suarez and Virgilio Paz. In February 1974, Rivero had sent the Novos and Dionisio Suarez to Chile as "emissaries" to the new junta. Like the Novos and Ross Diaz, the two were later indicted in the Letelier murder, but have never been tried because they disappeared. Paz, in fact, remained in Chile for a period of time to receive military training.

In February 1975, the junta sent American expatriate and DINA assassin, Michael

Vernon Townley, the man who was later to planned and carried out the Letelier murder, to meet with Rivero at his office at an automobile agency on Calle Ocho in Miami. It was known at the time that Townley was in Miami, but police intelligence officers were not sure why except anything involving the CNM meant trouble.

But the secret link between Santiago and the Miami exiles had already been leaked by a break in the CNM ranks. Carlos Rivero Collado, a founder of the CNM, and a man who took part in the Novos' bazooka attack on the UN, had "rolled over." In 1974, as DINA-exile arrangements were being made, Rivero Collado (no relation to Felipe Rivero) suddenly disappeared and turned up as a defector in Havana. He told the Cubans stories about Miami conspiracies and U.S. collusion with the exiles. And he put it all together in a book called "The Nephews of Uncle Sam, "a book he later said was heavily edited by Castro.

Though largely disregarded at the time as Castro propaganda, Rivero Collado, himself a former member of the Bay of Pigs Invasion brigade, had some interesting revelations about his former "counterrevolutionary" colleagues in the United States, particularly about the CNM's and Omega 7's ties to DINA. In one broadcast over Radio Havana, Rivero Collado said that an exile who had been arrested twice by the FBI, was smuggled into Chile in 1971 with the mission of assassinating both then-Marxist President Salvador Allende and Fidel Castro, who was making a state visit to Chile. The plot failed, but Rivero said: "I ask myself the question of how it is possible that U.S. authorities were not able to control the comings and goings of a person who had been sentenced twice by the courts in Miami. And I ask myself another question: Are the U.S. authorities incapable of keeping their borders from being used for these criminal activities or did they deliberately close their eyes to that situation." (Sanford was starting to ask the same questions.)

In the same broadcast, Rivero Collado named Felipe Rivero and Guillermo Novo as the chiefs of the CNM and Zero groups, which he described as "one and the same" He added, "Felipe Rivero directs the work in Florida and Guillermo Novo in New York. . . The Chilean military junta has two objectives, the first is to conduct [propaganda] campaigns and the second place to finance terrorist activities of groups in U.S. territory and in the territory of several countries in Latin America and Europe." That was two years before the Letelier murder and months before the Zero terror campaign began.

Then, as suddenly as he appeared in Cuba, Rivero suddenly fled, claiming that his true

reason for being there was to spy on the Castro regime. He turned up in Colombia in 1977, saying he had fled because Castro had discovered he was really an American spy. His present whereabouts are unknown and he is still an enigma to those who knew him.

But in Miami things were proceeding quickly. Townley, in his February 1975 meeting with Rivero, said that he represented DINA and wanted help carrying out two DINA “sanctions” in Mexico, the elimination of two former Allende followers who were planning to sponsor a conference in Mexico of Chilean exiles.

Rivero sent them to New Jersey to meet with Guillermo Novo, Paz and Armando Santana. And though the “northern branch” appeared distrustful of the American expatriate at first, it was agreed that CNM, and Paz in particular, would aid Townley in his mission. But the mission in Mexico was aborted, primarily because Townley and Paz arrived after the potential targets had left Mexico City for Europe.

The story of what happened next comes primarily from Townley’s own mouth, given to the FBI after he was handed over to U.S. authorities by Chile to face trial in Washington for Letelier’s murder. It was reduced to a [35-page written statement](#) that has never fully been made public, even to the attorneys who defended the Novos and Ross. It is not known whether the significance of what Townley told them about what became known as “Operation Open Season” and his travels in Europe was simply lost on the federal authorities or whether it was something the U.S. government deliberately tried to hide.

Townley gave the statement to the FBI when he agreed to become the government’s main witness against the Novos and Ross Diaz. They were the only ones who stood trial as Paz and Dionisio Suarez, who actually helped plant the bomb under Letelier’s car, disappeared even though Dionisio Suarez had been in federal custody only months before. More about that later.

When Townley and Paz failed to find their victims in Mexico, DINA ordered them to fly to Madrid. It was no accident that the Spanish capital at that time was the center of fascist activity. Francisco Franco, in his last days, was one of the few absolute rulers left in the world. At the time, the CNM had its own representative there and the Chileans had made their Madrid embassy the European headquarters of its efforts to seek out and destroy the Chilean exile movement. Townley and Paz’s “Operation Open Season” involved visiting eight countries in nine months during which exiles would be targeted and hopefully

eliminated. Leighton turned out to be their only victim and he survived, though the attempt on his life did serve to silence his attacks on the junta.

Federal agents have records of repeated calls from Felipe Rivero to Madrid, to a pension owned by a Cuban exile who had provided safehaven to right-wing terrorists on the run. Telephone tolls, around the time of the Letelier murder, also reveal that other Cuban exiles also called a second number, an unpublished one listed to the Costa Rican Embassy. The purposes of those calls are not known, but bombings and terrorist activities by Cuban exiles were not uncommon in Madrid. Since the demise of Franco there has been increased terrorist activity on both sides of the political spectrum, and a near fascist coup last spring.

It is also believed that the overseas calls from Miami to Madrid dealt in no small measure with narcotics as Madrid banks had become the focal point for hiding drug funds and for arranging drug transfers. Federal agents working under diplomatic cover in Madrid have noted repeated visits there by Cuban exiles involved in the drug traffic, particularly Jose Medardo Alvaro Cruz, one of Miami's major drug traffickers and who is called "Godfather" by some exiles.

Documents obtained by the Justice Department note that that while the Chilean junta made great fanfare of turning over a number of drug operatives when it took power, DINA soon replaced them with their own men to finance both intelligence operations and overseas "hits."

It was in Madrid, too, that Townley and Paz contacted a group of former French secret army terrorists from Algeria, which called themselves Aginter-Press. It operated primarily in Europe and Africa, posing as a news agency. But Aginter was no stranger to Latin America and Miami. The French fugitives originally had found refuge in Portugal under the Gaetano regime but had to flee Lisbon in 1974 after the leftwing revolution. It was Aginter which in turn put Townley and Paz in touch with the Aginter "correspondent" in Borne, Stefano Della Chiaie, to help arrange the Leighton "hit."

Aginter, of course, was not an unknown quantity to Townley and the Chileans, or for that matter, to the Cuban exiles. Aginter had been active in Chile in helping create Patria y Libertad, the extremist right-wing group that fronted for the CIA in bringing down Allende. And Aginter agents had used Miami to help recruit restive Cuban exiles to work as mercenaries in Guatemala and Chile.

But despite the attack on Leighton, and the killing of another Chilean exile in Argentina, DINA was not satisfied. And it looked northward again to the U.S. and the man it considered its prime enemy, Orlando Letelier.

When Letelier's car exploded as it entered Sheridan Circle in Washington on Sept. 21, 1976, President Ford ordered the FBI to investigate the murder in 1979. Paz and Dionisio Suarez were never tried because they were never found. The convictions were reversed by an appellate court last September and Guillermo Novo and Ross Diaz were finally freed pending a new trial in April, 1981. A total of \$400,000 bail, money supposedly raised by the "Cuban community" in New Jersey, was posted to free Guillermo and Ross Diaz. But sources in the exile community say nothing approaching that amount was privately collected from "patriotic Cubans" eager to help the two men. Police speculate that the money probably came from the sale of several kilos of cocaine.

The boys from Omega 7 seem never far from public view because of their "popularity" with the Cuban community. But how much respect is generated by admiration and how much by fear is an open question.

It is one reason the FBI has always given for failure to crack the organization. Lack of witnesses, the agency had always said.

But even while Guillermo Novo sat in the Hudson County Jail, Omega 7 never slowed down. Eulalio Negrin, a prominent exile in Union City who advocated closer ties between the U.S. and Cuba, was killed because he openly favored a dialogue with the Castro government. He was shot to death in November 1979, after receiving repeated calls in which he heard only a clock ticking. A travel agent in Puerto Rico who organized trips to Cura received his "zero." He died from gunshot wounds in April 1979.

Then, last fall, the U.S. switched course and "leaked" to the media that a new investigative tactic was to be utilized. Instead of going after Omega 7 as a terrorist group, it decided it would use its organized crime, or RICO, statutes and seek to indict the terrorists as racketeers.

FBI sources were finally conceding after seven years that many of Omega 7's activities have little to do with liberating Cuba and that they are primarily interested in extorting local Cuban exile businessmen in Florida, New Jersey and Puerto Rico and into running [page must be missing here]

relentlessly pursue his killers and for every government agency with information to provide it to the Justice Department.

The involved investigation that followed, and which took eighteen months to solve because the CIA stonewalled the investigation from the beginning, turned up more than the government cared to talk about.

For almost two years, the FBI had given only lip service to finding the men behind the murders in Miami. In fact, according to prosecutor Sanford, federal agencies resisted his every effort to learn if the Letelier case was tied in any way to Miami. And when The FBI did uncover connections to Miami activities, Sanford said he was never informed of information or allowed to see it.

One fact that continues to puzzle local Miami law enforcement officials is why Jose Dionisio Suarez, still a fugitive in the case, was simply allowed to walk out of jail prior to his indictment. Called before a Washington, D.C., grand jury Dionisio vowed to spend the rest of his life in jail rather than talk.

For this he was given a jail term for contempt of court. Finally after more than a year in the District of Columbia jail, the feds sent an "emissary" to Dionisio Suarez with a deal.

"I will never deal with the FBI," he told the intermediary. "Do you know they showed pictures of me with another woman to my wife," Dionisio yelled. "If they want to stick me with a bombing charge OK, out what has my wife to do with this? Tell them to shove it."

The intermediary has wondered since why they waited until the contempt sentence was about to run out before offering a deal. (When a grand jury's tenure comes to an end, any contempt sentences end at the same time.) Technically, according to the government's legal argument, there was nothing on which to hold Dionisio Suarez once the term for contempt ended.

"Everyone knew, once he was out, he would be gone. And that's exactly what happened," the source said. Dionisio Suarez walked out three months later and has never been caught, though he has been seen frequently in and around the taverns of Union City and even at the CNM's headquarters in Union City. Since his "release," the FBI believes that Dionisio Suarez set off a bomb aboard a TWA airliner, aided in the firebombing of the Soviet UN mission and informants said he was in Union City the day before the Cuban diplomat was gunned down in New York. The CNM maintains a headquarters in Union City that is

adorned with the sign “Cuba Sobre Todo,” or “Cuba above all,” a motto disquietingly reminiscent of a similar slogan seen in Europe in the 1930s.

But one of the most interesting scenarios in the Omega 7 saga involved Guillermo Novo’s arrest. As a suspect in the Letelier murder, Novo went into hiding when the feds tried to revoke his parole on another charge and put him in jail. He and Alvin Ross Diaz decided to disappear where they felt the safest, into Miami’s Little Havana. Guillermo, along with his brother, eluded capture for almost a year.

His arrest in May 1978, in Miami raises some questions never answered by the FBI, especially concerning what Novo did during that period. Guillermo was spotted by a local police officer and trailed to a discotheque called the Sensation. Interestingly, the club is secretly owned by none other than Alvaro Cruz, the Cuban “Godfather” with the Madrid connection.

The detective, Humberto Rapado, and his partner, Dan Benitez, notified the FBI that they had found Guillermo. “For some reason they [the FBI] didn’t seem interested,” Benitez said later. Both detectives decided to put the men under surveillance.

“Willy was wearing a wig, but I’d know him in the dark,” said Benitez, who then worked for the terrorist unit of the Dade County Public Safety Department. Today, he is a Florida state police investigator.

Several days later, Novo and another man, a major narcotic trafficker named Manuel Menendez, were seen leaving the Sensation with a paper bag. Benitez said he doubted that the bag contained bagels and they followed both men to Menendez’ apartment, which he was sharing with Ross Diaz and Novo, on Northwest 57th Street, not far from the Miami airport. Benitez was intrigued by the man providing the refuge.

Menendez is man believed by Miami authorities to be a major supplier of Mexican heroin with connections throughout the west and a man eager to expand his connections to Europe.

On the morning of May 5, 1978, Menendez, Novo and Ross Diaz arrived at a motel near the airport to have breakfast. As they left, Ross Diaz left alone while Menendez and Novo left in a second car. Benitez and Rapado moved in on Novo and his companion. In their car, they found a bag containing a series of disguises and a passport made for Novo in the name of Victor Triquero. Later, at the Novos’ murder trial in Washington, Ricardo Canete, an FBI

informant, testified that he provided the passport that Guillermo used. Observers found it intriguing that Canete was a government informant at the time he was helping Guillermo elude the authorities and providing him with false identity papers. Novo also had a Florida driver's license in the same name, again provided by Canete.

Ross Diaz was stopped later on the Palmetto Expressway and police said they found a bag containing what turned out to be cocaine.

What happened next caused considerable controversy. The FBI, which stepped in to take credit for the arrest, did not mention the narcotics and at one point appeared prepared to say that the bag contained nothing more than sugar.

Just why the FBI was upset about narcotics being found on the suspects is not clear. But at one point E. Lawrence Barcella, the Justice Department attorney in charge of the investigation, said: "I don't want this case messed up with dope."

The Novo brothers and Ross Diaz were convicted of the Letelier narcotics.

In March, the first conviction came. Jose Tenreiro Napoles of Elizabeth, N.J., who has often acted as a "public relations" official of Omega 7, was convicted of perjury for lying when he denied sending veiled threats in a Christmas card to two Cubans living in San Juan. He faces a five-year jail sentence, something federal prosecutors hope will make him "roll over" and testify against his confederates. It could prove a major break if he talks. So far it is only a hope.

Asken why the government, hadn't tried this tactic before, one Justice Department official said: "No one gave it that much thought before."

Federal agents willing to talk privately about the problem note that enforcement aimed at Cuban exiles has always wavered with U.S. policy toward Castro, that crackdowns there came primarily during the Carter administration, which established closer diplomatic ties with Cuba.

The question now is what will happen under the new Reagan administration, which has turned a new aggressive face toward Castro and which is said to have privately decided to "unleash" the exiles against Castro.

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription  
6/20/80

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MICHELE SINDONA was interviewed in the office of Assistant United States Attorney (AUSA) WILLIAM TENDY, Southern District of New York (SDNY), One Saint Andrew's Plaza, Room 843, in presence of SINDONA's attorney, JOHN ROSNER, 6 East 43rd Street, New York City, telephone number 651-2150. SINDONA provided the following information:

He stated that he met JOSEPH MICELI-CRIMI approximately one year ago following publication of a article in an Italian news magazine called "Panorama", in which it was alleged that CRIMI acted as a courier for SINDONA in behalf of the Society of Free Masons. After reading the article, which was completely false, CRIMI contacted SINDONA and arranged for an appointment. Following this appointment, CRIMI advised SINDONA that a conspiracy existed in Sicily between revolutionary free masons and some members of the Sicilian military and governmental authorities to participate in an armed uprising which would culminate in the secession of Sicily from Italy. The uprising was to stop what the conspirators saw as the spread of Communism in Sicily. Following the sucession of Sicily from Italy, the United States would be offered Sicily as a place for naval bases in the Mediterranean. CRIMI told SINDONA that SINDONA's presence in Sicily would be necessary to assist in coordinating operations and gathering men and material in preparation for the revolution.

SINDONA stated that he advised CRIMI that he was in favor of such an action, and pointed out that at soon as he was acquitted of the charges facing him in the Franklin National Bank case, he would travel to Sicily and assist the free masons.

At some time following this meeting, CRIMI again contacted him and told him in July, 1979, that the revolution could not wait for SINDONA's trial completion and further advised him that the free masons wished him to travel to Sicily as soon as possible. SINDONA stated that he had already obtained a passport in the name of JOSEPH BONAMICO from JOHN GAMBINO approximately six to eight months prior to his departure from the United States on August 2, 1979. GAMBINO, who had been introduced to SINDONA by an Italian radio personality named MARIO SALINELLA, obtained the passport for SINDONA because GAMBINO was also a Sicilian patriot and wished to fight Communism.

Interviewed on 6/17/80 at New York, New York File # NY 7-2692

By SA LOUIS J. VIZI/dlt

Date Dictated 6/19/80

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SINDONA informed JOSEPH MACALUSO, a close friend, approximately one month prior to SINDONA's departure from the United States on August 2, of the plan to go to Sicily and of the details of the revolution, but did not tell MACALUSO when he, SINDONA, would be leaving. MACALUSO agreed to assist in the uprising in Sicily by providing American arms which he had purchased and which were hidden in Sicily.

SINDONA stated that when CRIMI finally told him it was absolutely necessary for him to go to Sicily in late July, approximately July 29, 1979, SINDONA told MACALUSO that he would be leaving within a few days. MACALUSO informed SINDONA that it would be unwise for him to travel alone and urged him to go with an associate named ANTHONY CARUSO. MACALUSO arranged for CARUSO to purchase the tickets for overseas travel for CARUSO and SINDONA.

CRIMI had suggested to SINDONA that he fly to Vienna, Austria, where arrangements would be made to smuggle SINDONA into Italy by car through the Brenner Pass. SINDONA would then be taken by CRIMI and other free masons to Sicily and hidden there.

SINDONA advised that according to the plan provided by CRIMI and assisted by JOHN GAMBINO, he left his hotel on August 2, 1979, and took a taxi to the Tudor Hotel at 42nd Street and Second Avenue, arriving at the Tudor at 2:00 P.M. He stated that he was met by two men in front of the hotel whose names he does not know and placed in a car which immediately drove him to a private house in Staten Island, exact location unknown. After arriving in the car, SINDONA was taken into the house where he was met by MACALUSO.

MACALUSO fitted SINDONA with a wig, false beard and wire-rimmed glasses and then drove SINDONA during the early evening hours to John F. Kennedy Airport where they were met by CARUSO. SINDONA and CARUSO boarded a Trans World Airlines plane and flew to Vienna. Due to stormy weather the airplane arrived in Vienna several hours late. CARUSO and SINDONA were met by an unknown male and an unknown female believed to be the driver's fiancée and a discussion ensued as to whether they should proceed to the Brenner Pass as planned, which was urged by CARUSO, or whether they should attempt to make other plans for entering Italy. SINDONA stated that he advised CARUSO that he felt that it

was too dangerous to go to the pass as planned and they were taken by the driver and the girl to a small hotel somewhere outside Vienna, possibly in Salzburg for the night. After arriving in the hotel, SINDONA immediately telephoned JOSEPH MACALUSO, who was at that time in Rome, and explained the problem. MACALUSO advised him that he himself would join them in Salzburg by travelling from Rome to Munich. On the next day, MACALUSO arrived in Munich and SINDONA, MACALUSO, CARUSO and the driver took a car to Vienna. They registered at the Intercontinental Hotel in Vienna where SINDONA stayed only one night.

SINDONA believes that MACALUSO then proceeded to Sicily but is not sure where CARUSO went to after leaving the Intercontinental Hotel on August 4, 1979. After spending one night at the Intercontinental, SINDONA flew to Athens, Greece, and registered at the Central Hotel there under the name JOSEPH BONAMICO.

SINDONA advised he contacted CRIMI in Sicily, told him where he was, and CRIMI advised that he would immediately join him with other free masons.

On approximately August 5, 1979, CRIMI arrived in Athens and met SINDONA at the Central Hotel and stayed with him. The other masons registered at the Athens Hilton Hotel.

SINDONA advised that a plan was arrived at whereby one or two private yachts owned by sympathetic free mason business men would be used to carry SINDONA to Sicily. However, when it became time to leave, it was discovered that Greek authorities were searching boats in the Harbor for illegal black market cigarettes and it was quickly decided that SINDONA, CRIMI and the other free masons would take a ferry boat from a Greek port called "Pirneo" (phonetic) to the Italian port of Brundisi. The boat is a regular run, very short, which crosses the southern part of Greece around the Italian border. Tickets were purchased by the free masons which SINDONA stated if located could provide the names of the other free masons which he himself does not know.

On August 15, 1979, CRIMI, SINDONA, and the three free masons left aboard the ferry boat and arrived in Brundisi where they were met by a car and driven into Sicily.

SINDONA advised that they arrived in Sicily on August 15, 1979, and he was taken to a private house in the center of Palermo. He stayed in this house only a few nights and was then taken to another house in Palermo which was privately owned

but also used for meetings of the free masons. Accordingly, the fact that large numbers of free masons constantly came and went in this house was not considered suspicious, since the house was used for masonic meetings. SINDONA advised that he never knew the names of the vast majority of masons involved in the preparations for the uprising, but did recall one name as being VITALE and was positive that the head of the revolutionary effort was a mason named MICHELE BARRESI, who is also a well known doctor in Palermo.

It was decided by the masons that in order to allow SINDONA to clear himself of leaving the country prior to his trial in the United States, a kidnapping ruse would be had already been put into effect. This plan was arrived at and carried out by CRIMI with the assistance of JOHN GAMBINO. Accordingly, a telephone call was made to SINDONA's secretary, XENIA VAGO, on the morning of August 3, 1979. SINDONA advised he did not know exactly who made the telephone call, but was sure that it would have been arranged by CRIMI and GAMBINO.

During his stay in Palermo, the kidnapping ruse was further carried out by having SINDONA write numerous letters claiming to have been kidnapped by an Italian Communist group. These letters were written in Sicily and then carried back to New York sometimes by CRIMI, on a few occasions by MACALUSO and on one occasion by CARUSO. They were then mailed in the United States back to Italy addressed to SINDONA's lawyer, RODOLFO GUZZI, who was unaware of the real story of SINDONA's disappearance.

After approximately a month and a half, the free masons advised him that to provide additional evidence that he had been kidnapped, it would be necessary to have him appear to have been shot and thus guarantee the credibility of the kidnapping story.

Accordingly, in a house owned by the father-in-law of a relative of JOHN GAMBINO, ROSARIO SPATOLA, located in Palermo very near SPATOLA's own residence, arrangements were made to have SINDONA shot and immediately treated.

SINDONA stated that JOHN GAMBINO held his arms to keep him from falling and CRIMI injected a local anesthetic into the back of his left leg and then fired a shot into it from a small, caliber "ladies gun". CRIMI then immediately treated the wound and provided additional treatment during the rest of his stay in Sicily. SINDONA pointed out that a female was present during much of the time whose name he does not recall, but which he believes to have been FRANCESCA, nicknamed "KAKENA". KAKENA was present during the shooting.

During SINDONA's stay in Sicily, he was visited by JOSEPH MACALUSO and MACALUSO's brother, SAL, as well as by CARUSO.

Unfortunately, plans for the revolution in Sicily had to be postponed due to problems with the authorities which arose during the early part of October, 1979. Sometime earlier than that it became apparent, that the available man power was not sufficient and CRIMI was sent to the United States to inquire of JOHN GAMBINO if he could provide such additional manpower.

Accordingly, GAMBINO flew to Sicily in the early part of September, 1979, and arranged for two thousand additional men from the North of Italy to travel to Sicily and assist in the uprising.

SINDONA, advised that during his stay in Palermo, he wore his disguise but did not constantly remain in the house in Palermo, but in fact ate dinner several times in many very good restaurants there. He recalled on one occasion having dinner with CRIMI, JOHN GAMBINO, ROSARIO SPATOLA, and a tall brunette who he believed to be a television personality who was JOHN GAMBINO's girlfriend. He stated that she had a scar of some type on the left side of her face or neck.

When it became apparent that the revolution would have to be indefinitely postponed, SINDONA advised the free masons that he would have to travel back to the United States for his trial. The free masons tried to dissuade him, requesting him to stay, pointing out that the revolution was bound to happen and he would be then safe in Sicily. SINDONA refused and on October 7, or October 8, 1979, departed Sicily by Alitalia Airlines for Milan with JOHN GAMBINO. GAMBINO had ROSARIO SPATOLA's identity card and the flight manifest might show the name SPATOLA as opposed to GAMBINO. He himself used the name JOSEPH BONAMICO. After arriving in Milan, SINDONA and GAMBINO travelled to Vienna by car where they stayed one or two nights in small hotels outside the city of Vienna, possibly in Salzburg. On October 9, 1979, GAMBINO was advised by telephone that his cousin, VINCENZO SPATOLA, had been arrested in the office of GUZZI. GAMBINO immediately left SINDONA and flew back into Italy saying that he had to assist his cousin. SINDONA, accompanied by several free masons, then travelled to Munich where the masons purchased airline tickets for him to return to the United States. In addition, they provided him with a briefcase containing \$25,000.00 in United States currency, all one hundred dollar bills. SINDONA then flew on October 12, from Munich to Frankfurt, and on October 13, from

Frankfurt to John F. Kennedy Airport in New York City. Prior to his flight, the masons contacted JOHN GAMBINO in Italy and told him the flight name, date of departure, and time of arrival in New York City. SINDONA believes it was this information which appeared on the slip of paper found in JOHN GAMBINO's possession.

Upon arrival in John F. Kennedy Airport, SINDONA was met by a woman described as short, approximately 35 to 40 years old, brown hair, and accompanied by a small boy, 9 to 10 years old. The woman, whom SINDONA believes to be an employee of the airline, Trans World Airlines, or of the airport, cleared him through Customs very quickly and then took him outside the airport where he was met by JOHN GAMBINO's brother, ROSARIO. The woman and boy left and ROSARIO GAMBINO drove SINDONA to a house possibly located on Staten Island where he remained for a few days resting. On October 15, 1979, ROSARIO GAMBINO drove SINDONA to 42nd Street where he was left out of the car and where he subsequently contacted his lawyer and arranged to be picked up.

SINDONA advised that as soon as he left John F. Kennedy Airport, and got into ROSARIO GAMBINO's car, GAMBINO instructed him to turn the JOSEPH BONAMICO passport over to him. SINDONA did so and has no idea at the present time where the passport might be.

✓ With regard to ROSARIO GAMBINO, SINDONA stated that he was not aware of GAMBINO's involvement in drug traffic until he read about it in the newspapers. He recalls JOHN GAMBINO once vehemently denying to SINDONA that the GAMBINO family would ever involve itself in drugs because a rule of the family would be that anyone who involved himself in drug traffic was immediately killed.

\* SINDONA advised that the revolution would still occur and that the arms, manpower and material are probably still in hiding awaiting the outbreak of violence. In this regard, SINDONA stated that the United States Government was in 1972, completely aware of the plans for a Sicilian revolution and SINDONA's part in it, and encouraged it. He advised that in 1972, he introduced the Chief of Staff of the American Army, named MOORE, to several Italian military authorities including the Italian Army Chief of Staff.

With regard to an individual named ENZO NAPOLI, SINDONA advised that NAPOLI was known to him for years having been introduced to him by an individual named MAEMONE. MAEMONE advised that he was interested in contacting someone in the motion picture business and make arrangements to have the story of his, MAEMONE's life, which MAEMONE pointed out was very interesting. Although he felt MAEMONE to be mentally unstable, SINDONA did

contact a producer named DINO DE LAURENTIS. MAEMONE advised that he had a cousin who could furnish money to enable the movie to be produced, and this cousin was ENZO NAPOLI. SINDONA met NAPOLI four or five times although his initial introduction to NAPOLI by MAEMONE was under the name RICARDO, which NAPOLI used. MAEMONE explained this saying that NAPOLI preferred that people did not know his right name. SINDONA advised that he is aware that NAPOLI was arrested on drug charges, but stated that he tried to help MAEMONE and NAPOLI because SINDONA was very good friends with MAEMONE's uncle and felt a kind of responsibility.

The only further contact he had with NAPOLI was when an unknown individual from Italy, a builder in Milan, had begged SINDONA to tell NAPOLI that he had not informed on him. At this time NAPOLI was already in prison. SINDONA subsequently spoke to NAPOLI who stated he understood and asked SINDONA to speak to his, NAPOLI's, attorney and give him the information. SINDONA did so and had no further relationship with NAPOLI.

Upon direct questioning by AUSA TENDY, SINDONA categorically denied any involvement in the murder of GIORGIO AMBROSOLI, or threats directed to a Franklin National Bank witness named BIASE and an individual residing in Italy named ENRICO CUCCIA. SINDONA emphatically stated that these actions were carried out by his enemies in order to discredit him.

With regard to his disappearance, SINDONA advised that he lied to the FBI and in court because were he to tell the facts of the Sicilian revolution in public, the free masons would probably kill his family. SINDONA pointed out that it should be obvious that his own life was worth nothing because he had already tried to kill himself but was still concerned about the safety of his family.

With regard to his suicide attempt, SINDONA advised that he had obtained the digitalis from Switzerland in 1974 in order to treat any possible heart failure arising from a rheumatic fever episode he had suffered as a child. SINDONA advised that he had purchased five bottles of digitalis in its pure form which is not available in this country, at a pharmacy in Switzerland utilizing a prescription from a doctor whose name he can no longer recall. SINDONA stated that when he entered the Metropolitan Correctional Center (MCC), he carried the digitalis with him in a plastic case and it was never examined by prison authorities. He stated that he took several bottles of the digitalis and then slashed his wrist with a razor blade in a genuine attempt to kill himself.

they derisively call in the USA 'vocational school' or 'junior college.' Thus, one American engineer might prove as useful as three or four Soviet ones. Anyway, counterparts, they are not nearly so skilled, and, in combat exercises, they are continuously controlled by officers on the ground, so that they have no initiative in such things



NANCY FEINSTEIN and  
CHRISTOPHER SIMPSON

## The spies who are out in the cold

**D**ONALD GEISINGER WAS A dedicated employee. He followed orders, worked hard, and never made trouble. The last thing he expected was to be fired. But Geisinger was dumped without warning at age 49 after four years of service to the same company, and today he is even forbidden to tell prospective employers what his skills are.

Donald Geisinger was a professional military intelligence agent, first on active duty with the navy and later as a civilian contract employee with a secret intelligence group that did jobs too sensitive—or too dirty—for the CIA. The secret group was called Task Force 157 and it was run by the navy. The navy now officially denies that the task force ever existed at all, but the pretense is becoming ever more transparent.

Task Force 157 was disbanded in 1977, when Geisinger and about seventy-five other civilian task force employees were abruptly fired following an internal scandal that was kept secret even from most in the spy unit itself. "I moved from Washington, D.C., to New Jersey [for TF 157], Geisinger recalls, "sold my house and all, and assumed my job here. And a month later I'm out of a job... so here I sit."

Since the task force was disbanded, most former TF 157 agents have kept a low profile. Some have retired; others have been hired by the State Department, Treasury Department, or major corporations. Still others have used their skills to become international arms dealers and specialists in the export of sensitive military and intelligence technology.

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free-lance writers in Washington, D.C.

SINDONA advised that the passport he had used during the course of his stay in Sicily in the name of JOSEPH BONAMICO, was given to him by JOYD GAMBINO at SINDONA's office at 1212 Sixth Avenue, New York City, New York.

SINDONA further stated that as part of the free masons plan to have him remain in Sicily instead of returning to the United States, CRIMI offered to perform plastic surgery on him and make him completely unrecognizable.

SINDONA could provide no further information.

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this stereotyped course of action, I think we would be in serious trouble.

"The same is true, but more so, with our air forces. They get only half as many flight hours as their American

wavering political leaders, as well as the survival of socialism, we must not relax our guard.

"/s/ Usdinov, D. F. Marshall of the Soviet Union, Minister of Defense."

## Parapolitics/USA

With this issue of Parapolitics/USA we have come to the end of volume 1. Owing to financial and time constraints, I will not be able to continue publication, at least in the near future. I'd like to thank all my subscribers and contributors, especially Ted Rubinstein, for helping to make this newsletter possible.

PPUSA/5, like the issue before it, caused a stir in Italy with the revelation of Sindona's confessions to the FBI. *Paese Sera*, the major Italian daily, ran two stories on the document (crediting Parapolitics/USA), including stories on the front and back pages of the February 2 edition. Apparently the Parliamentary Commission on Sindona had never before seen the document.

This issue is once again brimming with original material, including articles by myself (on terrorism and organized crime), by Jerry Meldon (on German Nazis and the arms traffic), and one by Kevin Coogan on the Sovereign Military Order of Malta. This latter organization is particularly significant today, now that our CIA director (William Casey), the head of the President's foreign intelligence advisory board (Claire Booth Luce), and an adviser to the National Security Council (ex-CIA agent William Buckley) are all members of this exclusive organization. Parapolitics in previous issues has covered SMOM's involvement in the P2 affair and in the Bela Csidei/Frank Sinatra/Jimmy Fratianno scandal. Kevin is a leader in the study of fraternal and occult societies as they relate to parapolitics, and his article merits close attention.

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"The Business of Terrorism" by Jonathan Marshall

"German Brouhaha," by Jerry Meldon

"The Men Behind the Counterreformation," by Kevin Coogan

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## News Briefs

### Intelligence agencies

U. S. District Judge Stanley Roszkowski in Chicago reported in an 11-page order that his examination of CIA documents relating to the Castle Bank failed to disclose any CIA ownership or control over the bank, which became the object of a mysteriously aborted IRS investigation code-named Project Haven. In an article for the Wall Street Journal in 1980, reporter Jim Drinkhall revealed that the CIA had staved off the IRS inquiry into tax evasion through foreign banks to protect its own interests at the bank. Roszkowski examined 101 CIA documents at the request of attorneys for Calvin Eisenberg, a defendant on charges stemming from Haven. The judge said the documents showed that the CIA did not establish the bank, nor was the bank "otherwise controlled" by the CIA. IRS agents who worked on Haven have long maintained that organized crime interests, not the CIA, were responsible for the termination of their investigation by IRS commissioner Alexander. But Judge Roszkowski's findings do not appear to contradict claims that the CIA used the bank as a conduit. (Reuters dispatch 1-30-82)

In an interview with the *San Diego Union*, U. S. Attorney William Kennedy revealed that the CIA prevailed on the Justice Department to block his indictment of Miguel Nassar Haro, a Mexican suspect in an \$8 million stolen car ring that moved hot vehicles from Southern California into Mexico. Nassar's role as former chief of Mexico's Directorate of Federal Security, and his cooperation with the CIA in providing information on Soviet and Cuban activities in Central America, allegedly explain Justice's decision to kill the case. Kennedy, whose job has been threatened by revelation of these details, says "I'm concerned about the victims--car owners or the insurance companies that paid off the claims." (NYT 3-28-82) Nassar's criminal activities apparently extend far beyond stealing cars; watch for an article by John Cummings in the next few months on his background. The whole case is reminiscent of the prosecution of Frank Sturgis for transporting stolen cars across the Mexican border; he too claimed to be working with the CIA on anti-Cuban operations.

The CIA is engaged in a multi-million-dollar effort to "destabilize" and overthrow the leftist regime in Nicaragua. Last November and December, members of the congressional intelligence committees were briefed on CIA programs to train, finance, and supply former members of Somoza's national guard who are now carrying out sporadic armed incursions into Nicaragua from bases in Honduras. Bay of Pigs veteran Nestor Sanchez, Deputy Assistant Secretary of Defense for Inter-American Affairs, has reportedly been put in charge of clandestine operations for the Caribbean basin. The operation in Nicaragua apparently involves targeting power plants and bridges to disrupt the economy and divert the attention and resources of the government away from the insurgency in El Salvador. In the meantime, the Reagan administration has pointedly ignored the growing number of mercenary training camps in south Florida, run by Cuban exiles and Nicaraguans, whose activities may be in violation of the Neutrality Acts. Aside from paramilitary actions, the CIA is also reported to be heavily engaged in propaganda work in Nicaragua. Other nations, including Argentina, Chile, and Guatemala are also said to be aiding CIA efforts in the region. (WP 2-14-82; 3-10-82; Latin America Weekly Report, 2-12-82; MH 12-28-81; NYT 12-23-81; Nation, 3-6-82)

Counterintelligence wars continue to plague the intelligence establishment. Ever since the FBI was taken in by "Fedora," a KGB agent who passed disinformation to Hoover's men, the CIA has

distrusted its domestic counterpart. Last October the FBI assigned two agents to the CIA for liaison duty. The CIA made them submit to lie detector tests and one flunked. Alarmed, the CIA suggested that the entire 110-man FBI counterintelligence staff be run through polygraph tests. But the FBI staff refused, fearing that the tests "might turn up some unpleasant information." (Jack Anderson in WP 1-6-82)

CIA director William Casey failed to tell the Senate Intelligence Committee, during his confirmation hearings, of the full extent of his lobbying on behalf of Indonesia in 1976. Casey, then a member of the law firm Rogers & Wells, represented the Indonesian oil industry before the State Department, IRS, and Treasury Department, but neglected to register as a foreign lobbyist. Willful failure to register is a felony punishable by up to five years in prison and a \$10,000 fine. The Justice Department's criminal division is reviewing the case. (MH 12-12-81; NYT 1-8-82)

The CIA is enjoying a resurgence of power and authority. President Reagan's new executive order on classification will facilitate the dismantling of the Freedom of Information Act, and the legislation due to pass soon making it a crime to report the names of CIA agents may muzzle some of the press. Casey has further proposed that Congress shield CIA agents from criminal prosecution while they are on legitimate missions, although the Justice Department has balked. (LAT 1-29-82) Meanwhile, the White House has reportedly approved a five-year plan to strengthen the intelligence agencies and to raise their funding by a greater percentage than for defense as a whole. The new budget is on the order of \$10 billion. (Christian Science Monitor, 1-11-82)

Evidence is accumulating that under Casey's direction the CIA has become more politicized than usual, extending a trend begun with the appointment of GOP boss George Bush to the CIA. Three Democratic senators on the foreign relations committee have written to Casey protesting the political slant of a CIA briefing on Caribbean affairs provided by Constantine Menges, formerly of the conservative Hudson Institute. The senators charged that the briefing "evidenced a rhetorical tone and selective use of information that bordered on policy prescription."

The Gouzenko affair in Canada continues to simmer much like the Blunt affair in Great Britain. Among those who have now come under suspicion of having ties to Soviet intelligence are Robert Bryce, who became the most powerful civil servant in Canada from 1954 to 1963; the famous Canadian diplomat Herbert Norman; and former Canadian ambassador to Moscow, John Watkins. (*National Review*, 10-16-81) In other news of the KGB, the Senate Intelligence Committee is investigating the possibility of Soviet penetration of the General Accounting Office, which has access to classified information through its studies of defense department practices. The investigation was triggered by reports that a Soviet official had requested a classified GAO report by its internal number. (LAT 2-10-82)

British records declassified recently point to cabinet discussions in the Atlee government (Labour) in 1951 about "Operation Buccaneer," a plan to seize Iran's oil refineries in case British oil interests were nationalized. The plan was aborted when the United States refused to go along, but instead overthrew Prime Minister Mossadegh in 1953. (LAT 1-3-82)

The Mitterand government in France is having difficulty in its efforts to restructure SDECE and purge it of ardent Gaullist sympathizers. According to recent reports, elements of the French secret service conspired to bring down the government by provoking a full-scale military clash in Chad between France and Libya. These dissidents--said to be close to the CIA--spread false news of a

Libyan coup d'etat in Chad, and then informed the French government that a Libyan column was marching to conquer the capital of Chad. Simultaneously these SDECE elements told Libya that French troops were about to intervene. A major conflict was avoided only when the French ambassador in Tripoli denied rumors of the Libyan coup attempt. The center of the SDECE disinformation network was reportedly Gabon, stronghold of French secret service allies of the Gaullist eminence grise, Jacques Foccart. Members of the Mitterand administration suspect that the Foccart group is trying to steer Gabon closer to the United States and the CIA. They point to press revelations in France about the supposed liaisons of the wife of Gabon's president as having been planted in the hopes of widening the gap between France and its former colony. The assassination of one of Mme. Bongo's alleged lovers has in turn been linked to the Auriol massacre, reported in previous issues of PPUSA. (*Middle East*, February 1982; *Africa Confidential*, 11-25-81)

The CIA is secretly aiding Iranian paramilitary and political exile groups and beaming radio propaganda into Iran, so that when the Khomeini regime weakens these groups can gain the ascendancy. The paramilitary units are based in eastern Turkey adjacent to Iran. The CIA is spending several million dollars a year to try to get the disparate exile groups to work together politically, even though many of them are violent enemies. Thus one paramilitary group is headed by former Rear Admiral Ahmad Madani, who was court martialed by the shah for being "against the government." The leader of another group is General Bahram Aryana, former chief of staff of the Iranian army under the shah. (NYT 3-7-82) Documents seized by pro-Khomeini forces during the occupation of the American embassy in Tehran have finally been smuggled into the United States; they have long been available in the bazaars of Iran (and presumably in the Kremlin). Among other details, they reveal how deep cover CIA agents attempted to recruit Bani-Sadr as an American agent and provide highly sensitive details on Israeli intelligence operations in Iran and elsewhere. The documents show that Israeli agents blackmailed, bugged, wiretapped, and offered bribes to U. S. government employees to gain sensitive intelligence and technical information. The report, rather more critical than published accounts of Mossad of that agency's capabilities, outlines the scope of Israeli intelligence operations in Latin America, Africa, and East Asia--which usually finds Israel aligning itself with dictatorships and fellow pariah states. (WP 2-1-82) Israeli government spokesmen denounced the CIA report as "ridiculous, not worthy of response." (WP 2-3-82) U. S. intelligence losses following the seizure of the Tehran embassy were more severe than previously believed. Among the losses were a computer printout of all DIA sources and agents in Iran, including members of the Iranian military; records of a CIA-DIA plan to steal a Russian-made anti-aircraft gun; an index to all classified DIA publications; hundreds of blank passports and visa machines; and naval intelligence reports on Soviet fleet movements. In the future, embassies will be directed to keep much less paper in their possession. (*Newsweek*, 12-21-81)

Israeli intelligence is now revealed as being the source of disinformation regarding alleged Libyan plots to kill President Reagan. In particular, Israel planted false reports that "Carlos" was leading a hit squad based in Mexico. The motive was apparently to obtain US backing for Israeli operations to destabilize Khadafi. (LAT 12-21-81) Jack Anderson has since revealed that other sources of information about the alleged plots were equally dubious. (WP 1-7-82)

Hans Langemann, a 57-year-old former member of the West German BND now working on secret projects for the Bavarian interior ministry, has been charged with revealing state secrets to the left wing monthly *Konkret*. Langemann, who worked with the BND for 13 years, said that the organization had placed an agent into President Nixon's entourage in 1969 in order to gain special consideration for Bonn. On another occasion the CIA was persuaded to cover up documents in

American archives linking former German chancellor Kurt Kiesinger with the Nazis. (NYT 3-4-82; *MacLean's*, 3-15-82)

A former German SS captain, Otto von Bolschwing, died recently, after having surrendered his US citizenship following a Justice Department probe of his Nazi past. Von Bolschwing was an adviser to Adolf Eichmann. The CIA had two agents sit in on the closed interrogation of von Bolschwing, who apparently began working for US Army intelligence during World War II, after the Gestapo put him on a "liquidation list" for marrying a Jewish woman from Vienna. (SFC 3-9-82)

Miscellaneous articles: "Former Intelligence Aides Profiting from Old Ties," NYT 12-6-81; "Mossad's Secret Rivals," Middle East, December 1981; "The Eyes and Ears of Big Business," Africa Now, February 1982; "The World of Private Security," Baltimore Sun, 2-7-82; "Tuning In," Time, 3-8-82 (on Soviet spy stations in Iran).

### **Wilson, Terpil, and arms traffic**

The CIA has publicly denied any "official involvement" in the activities of Ed Wilson and Frank Terpil, former agents who have been charged with running explosives to Libya as part of a program to train terrorists. However, sources within the agency note that the CIA's investigation was short-circuited by a senior agency official and that information about Wilson's activities was withheld from others at the top. For at least a year after the official investigation, Thomas Clines, an important CIA official, continued to have business relationships with Wilson. (NYT 11-10-81) CIA records show that the agency contacted Wilson for an operation as late as September 1976, five months after Wilson allegedly began supplying Libya with explosives and personnel for a terrorist training project. (LAT 12-3-81) The man who supervised this terrorist project for Wilson and Terpil, Douglas Schlachter, says that he kept CIA officials Theodore Shackley and Thomas Clines informed about the progress of the venture in Libya. He also alleges that Clines personally gave him a list of information relating to Soviet military equipment that the CIA wanted from Libya. (NYT 1-7-82; LAT 1-7-82)

A gun recovered by authorities in London following the assassination of Libyan dissident Mustafa Ramadan in May 1980 has been traced to a Reading, Pa. man, Joseph Gerald McElroy, who is now in federal custody. McElroy has confessed that he gave the gun to Frank Terpil before the assassination. McElroy was sentenced last July to six months in prison after he pleaded no contest to income tax evasion, illegal weapons sales overseas, and importing \$24 million in promissory notes issued by the Sudanese government, without notifying the Treasury Department. McElroy, who was in the business of selling heavy armaments to shady groups (including terrorists) overseas, had previously been linked to a Teamster-financed scheme to establish a floating casino on the Queen Elizabeth liner. The late mobster Angelo Bruno was allegedly behind that deal. *Philadelphia Bulletin*, 10-11-81)

Fugitive gun smuggler George Gregory Korkala, arrested with Frank Terpil for selling weapons illegally to New York undercover officers, was finally apprehended in Madrid after jumping bail in 1980. Spanish police arrested him at an exhibition of security devices in the capital. (NYT 2-26-82)

Arms trafficking to Libya is still a big business. Five men were recently arrested in connection with a scheme to sell sophisticated Cobra helicopter gunships overseas, probably to Libya. Held on \$500,000 bail was Max Field, described as a 71-year-old Century City real estate broker. (LAT 3-11-

82) Field has also been identified as an associate of California mobster Joe Sica and as a promoter of Las Vegas casino development. (Ed Reid, *Grim Reapers*, 225-227). According to ABC's 20-20, Khadafi also managed to obtain three C-130 transports, embargoed by the United States, through a dummy company in Luxembourg headed by a Libyan intelligence agent based in Geneva, and via veteran arms smuggler Sarkis Soghanalian. Soghanalian (on whom see PPUSA/5) was linked to CIA-sponsored arms traffic during the Lebanese civil war (on behalf of the Christian Phalangists), to arms traffic on behalf of Nicaraguan dictator Somoza, and now to Libya. The plane sold by Soghanalian came from Alaska International Airlines, then headed by Neil Bergt, who has been accused of operating the airline on behalf of the CIA. Soghanalian claims that AIA approached him about selling the plane to Libya, and that the transaction had official approval despite the embargo. (WP 2-3-82; *San Jose Mercury*, 1-31-82; notes supplied by Mae Brussell)

The CIA and Mossad set up a joint undercover operation to establish in Europe a chain of dummy business firms to sell and charter personal jets to Arab leaders. The jets came complete with flight and maintenance crews infiltrated by Mossad agents, who could monitor bugs placed throughout the aircraft. The espionage program was overseen by an erstwhile Chase Manhattan account executive, Lynn E. Cantwell, according to reports. The Washington link to this chain of companies was allegedly supplied by Ed Wilson's Operational Systems Inc, based in Arlington, Va. and specializing in providing professional safeguard services to foreign governments and private industry. The CIA code-name for the project was Klapex. Among those to whom planes were sold were Kuwait's oil minister and the head of Egypt's central bank. Khadafi was also a customer. So was Idi Amin, who used one Mossad-supplied 707 to ferry in arms supplied by Frank Terpil in England. This operation may well be the real secret behind the Wilson-Terpil affair. (*Spotlight*, 3-15-82; *Nation*, 2-20-82)

Former Green Berets were actively recruited by Ed Wilson for service on behalf of Libya. In 1978, another group of former Green Berets and former Navy unconventional warfare specialists (presumably SEAL) were recruited to work in Nicaragua for Somoza, handling counterterrorism jobs, including the assassination of his opponents. Others were involved in Chile, training DINA agents in martial arts and communications techniques. The Chileans also asked them to undertake counterterrorist operations in El Salvador, and said their work was supported by the United States. Green Berets have been active on behalf of the CIA in South America, Africa, and the Middle East, since the end of their activities in Southeast Asia. (NYT 12-9-81)

Israel has reportedly supplied Iran with \$50-\$100 million worth of arms to prosecute its war with Iraq. Israel may have begun supplying arms even before the war began, while Americans were hostage in the Tehran embassy. The supplies have included tires for Iran's F-4 fighter-bombers, parts for their M-60 tanks, and hundreds of tons of other munitions. (NYT 3-8-82; *Middle East*, January 1982)

The head of the Canadian KKK, James McQuirter, and international arms dealer Charles Yanover, have been arrested for conspiring to overthrow the government of Dominica, following a year-long investigation by Canadian authorities. (*Toronto Globe & Mail*, 2-11-82; MH 2-12-82). Yanover was arrested again two weeks later on charges of fraud and plotting to assassinate the president of South Korea. (*Toronto Globe & Mail*, 2-25-82)

## Organized crime and gambling

The La Costa-Penthouse trial continues but has attracted little national attention so far. On the witness stand, former Cleveland racketeer Moe Dalitz, one of the prime developers of La Costa, said he had not contacted Meyer Lansky in any way for the last 15 years. Their last meeting, Dalitz said, was in 1964, when La Costa opened and "Mr. Lansky and his wife pulled up in their car . . . He told me he was touring the Northwest . . . Then we talked about the business, La Costa, and he thought it was like I said, pioneering, and I said I realized developments of this kind are very slow taking off. I didn't see him after that." Lansky was said to be "very dubious" about its future. Under cross examination, Dalitz admitted having told a colleague that "If he (Lansky) had any laundered funds, he would not have put them in here. He didn't like the deal. He thought we were going broke." Dalitz also admitted knowing Jimmy Hoffa since childhood and being "friends." He also said he had known Chicago mafia boss Sam Giancana "from 1953 on" and met with him several times when he stayed at the Desert Inn, the Las Vegas hotel-casino that Dalitz owned with several partners until they sold out to Howard Hughes in 1966. As for Lansky, "I knew Meyer Lansky for many, many years. I knew him during the Prohibition era and we were quite friendly. Forty years ago we invested some money in a company called Molaska." (LAT 12-30-81; LAT 12-31-81; *San Diego Union*, 12-31-81) In other news of the trial, it was revealed that the San Diego County Sheriff's Department purged virtually all of its investigatory files on Rancho La Costa. Sheriff John Duffy, who received his largest 1970 campaign contribution from La Costa, has publicly defended the resort against charges of organized crime involvement. (*San Diego Union*, 12-9-81) The head of the county sheriff's department's internal affairs division testified that no organized criminal activities took place at La Costa, on the part of members or owners. But under cross examination Lt. Sewell was unable to identify the state attorney general as the chief law enforcement officer in the state, and he admitted that he knew of no organized crime figures in the state of California nor was he familiar with any official reports on the subject. Even more damaging was the unveiling of a transcript of an old conversation in which Sewell discussed the existence of illegal gambling at La Costa, involving alleged organized crime figure Jim Braden. Sewell was an employee of La Costa from 1964 to 1968. (*San Diego Union*, 1-8-82; 1-19-82)

New York Yankees tax lawyer and partner Daniel McCarthy of Cleveland helped convicted heroin dealer John Montana establish a Buffalo, NY dental clinic accused of having direct links to organized crime. The clinic gained notoriety in 1980 when the body of reputed Mafioso Carl Rizzo, a clinic "consultant," was found in the trunk of a car belonging to the clinic's chief dentist, Dr. Jesse Hyman, who is described as an "organized crime courier." Rizzo was said to be a member of the Magaddino family in Buffalo. Montana is tied into powerful Laborers International Union circles. McCarthy is a close personal associate of fellow Yankees partner George Steinbrenner. (*Cleveland Plain Dealer*, 2-21-82)

Convicted Teamster pr man Harry Hall--subject of a profile in PPUSA/5--is under investigation because of his work for Wellington Cheng, whose home was robbed in the largest burglary in Los Angeles history (ca. \$6 million). Cheng is wanted in Taiwan as a "No. 1 swindler and a big hoodlum" for passing \$7.5 million in bad checks. Hall acknowledges having worked for Cheng for about a year, trying to get Cheng a green card and good legal representation, for which he received more than \$200,000. (*Los Angeles Herald Examiner*, 3-8-82)

A powerful car bomb ripped apart Alvin Malnik's \$250,000 Rolls Royce and rocked his posh Cricket Club condominium development in a blast heard a mile away. Malnik remained unavailable to

police for hours after the blast. A Metro organized crime official said, "It's a typical Cosa Nostra device." Malnik is the controversial millionaire attorney who has been linked to Lansky bag man John Pullman, to Lansky investment ally Sam Cohen, and to Las Vegas gambling interests, including Caesar's World. (MH 3-4-82)

Donald Aberle, a Bahamian financier who supplied \$31 million that became loans to questionable coal mining ventures in the United States, is a target of a federal grand jury investigation in Houston, into the laundering of funds from narcotics and other illegal sources into offshore banks for later investment in the United States. Aberle is president and controlling shareholder of Columbus Trust Co. based in Nassau. One of Aberle's officers, Anthony Bowe, was indicted in Pittsburgh for narcotics trafficking. Aberle's minority shareholder is Bahamian prime minister Lynden Pindling. (WSJ 1-22-82) Columbus Trust was previously owned by Robert Vesco's chief lieutenant, Norman LeBlanc, in the early 1970s. Aberle was then Vesco's junior partner in the bank, which financed one of Vesco's yacht purchases. (WSJ 2-23-82) A Pindling office building was once mortgaged partly by Vesco's Bahamas Commonwealth Bank, and Pindling's current home was financed by the Castle Bank & Trust (see p. 2) of Project Haven notoriety. Pindling has now been embroiled in yet another property scandal, this time involving covert property payments to him from U. S. businessman Abe J. Lieber, chairman of the Amherst Group, which joined Vesco's Bahamas Commonwealth Bank in financing Bahamas World Airline, a financially troubled concern. Lieber is said to have paid as much as \$1000 a week to Pindling confidant Everette Bannister, owner of the airline, in return for access to Pindling's favors. Bannister is also paid a "consultancy fee" of \$50,000 a year by Resorts International, presumably a similar influence peddling scheme. (MH 3-3-82)

Clifford and Stuart Perlman, who recently sold out of Caesar's World at a handsome profit following the refusal of the New Jersey Casino Control Commission to license them, are seeking to invest more than \$15 million in a new port facility in Chesapeake, Va. to facilitate coal exports. The town is seeking to keep them out on grounds that they have been publicly linked through a series of questionable investments to Alvin Malnik and Sam Cohen, suspected Lansky associates. The Perlmans are threatening legal action, including libel suits against local media. They are represented by Edward Bennett Williams's powerhouse Washington law firm. The Perlmans' entry into the coal transport business began when they bought many of the assets of the bankrupt Washington company, AutoTrain Corp., along with several of its key employees. (*Trenton Times*, 9-6-81) Before it collapsed, Auto-Train had been seeking financial help from the Dunes Hotel and Country Club Corp., controlled by St. Louis mob ally Morris Shenker. Auto-Train also hired as a consultant Robert S. Keefer, Jr., who had pleaded guilty in 1969 to felony charges in a case involving loans from a Swiss bank. It also turned for funds to the "British Bancorporation," which turned out to be a California firm operated by two convicted swindlers. (WP 10-19-80)

A Labor Department attorney told a Senate committee that he has discovered evidence in a five-year-old civil suit indicating "a possible cover-up" of fraudulent land sales financed by Las Vegas casino owner Morris Shenker, involving sales in Mexico for the Shenker-owned Murietta Hot Springs company. The attorney said the case should have been sent to Justice for prosecution. (WP 2-25-82)

Vincent Teresa, a/k/a Charles Cantino, whose account of the Patriarcha family was published in 1974 as "My Life in the Mafia," has been convicted in Tacoma on mail-fraud charges stemming from a plot to help his dentist stage a burglary to collect insurance money. (*Seattle Times*, 12-24-81) A

couple of weeks later, Cantino was found guilty of conspiring to import cocaine from Bolivia. Cantino has been under the Federal Witness Protection Program since he began testifying against other mobsters in 1969. (*Seattle Times*, 2-9-82)

A federal indictment has been handed down against John Cody, president of Teamster Local 282 on Long Island. The indictment follows a long investigation and a series of previous indictments stemming from corruption in the letting of sewer construction contracts. The indictment accused Cody of accepting free labor and materials for the construction of his home, taking \$160,000 in kickbacks for the purchase of a Southampton country club by his union pension fund, failing to pay taxes on the kickbacks, and other crimes. Last October, Cody was also indicted for perjury in connection with a drunk driving case. (*Newsday*, 1-18-82; *Village Voice*, 1-20-82)

Mob violence continues unabated in Philadelphia, presumably for control of Atlantic City rackets. Gambling boss Frank Narducci was the latest in a series of 11 gangland slayings to decimate the old Philadelphia-based Bruno family. Police said that Narducci's death left the family "badly fragmented and weakened." (NYT 1-13-82) A couple of months later strike force officials were claiming that the family had regrouped and was more powerful than ever. (NYT 3-22-82) Take your pick.

The trial of Union City, NJ mayor William Musto and seven co-defendants on racketeering and extortion charges began with testimony from Rudolph Orlandini, head of Orlando Construction Company, who made illegal payments to city officials. Orlandini testified that the company was secretly controlled by two mobsters, including Dominick D'Agostino. (NYT 11-22-81) D'Agostino was involved with Thomas Principe in seeking to build a casino in Las Vegas on land owned in part by Allen Dorfman. (*Reno Evening Gazette*, 5-15-81)

A federal grand jury is investigating possible skimming activities at the Stardust, Fremont, and Sundance hotel-casinos, formerly owned by Allen Glick's Argent Corp. and now controlled by Allan Sachs's Trans Sterling Corp. Federal officials describe Sachs as "a figurehead for the Chicago mob." He acquired the casinos in 1979 with \$2 million in cash and agreeing to take over the Teamster loans that Glick had arranged, allegedly through mob contacts. The FBI has been embarrassed, however, by press accounts of its seizure of a suspected mob courier, whose package of skimmed bills was found to contain only cookies. (*Arizona Republic*, 1-31-82; *Las Vegas Review-Journal*, 1-9-82; *Chicago Tribune*, 1-7-82)

A senior vice president of Caesar's World, Murray Gennis, was brought into Australian court on charges of violating Australian currency regulations. Federal police observed some of Sydney's best-known bookmakers, restaurateurs, sporting, and entertainment figures attending a lavish party thrown by Gennis. (*Sydney Morning Herald*, 11-5-81)

Playboy has been running into trouble from New Jersey casino regulators as hearings before the casino control commission have revealed shady details of the company's past. In the early 1960s, Playboy made payoffs to L. Judson Morhouse, then chairman of the NY Republican Party, to get a liquor license for the Playboy Club in New York City. At Playboy's Miami, New Orleans, and Bahamas clubs, officials allegedly "maintained relations with persons they knew had organized crime ties or persons their security people advised them had organized crime ties." Hugh Hefner at one point retained reputed mob attorney Sidney Korshak to straighten out a dispute with Lew Wasserman. (NYT, WSJ 1-12-82)

New Jersey gaming authorities are investigating a meeting between three executives of Bally's Park Place casino-hotel and a New York man, Albert John Tumbiolo, who law enforcement officials say has past links to organized crime associates. Tumbiolo has a long arrest record, and authorities suspect that he was looking to set up a junket service to Atlantic City. He has a \$100,000 credit line at Park Place. (Philadelphia Bulletin, 12-15-81)

Japanese criminal gangs, including the huge Yamaguchi-gumi, are apparently moving some of their operations, including drug trafficking, to Hawaii and California, but details are scarce. (MH 12-25-81)

### **Drug Traffic**

Ed Rasen, reporting from Lebanon for Parapolitics/USA, says that hashish production reached record levels in Lebanon in 1981, totaling more than 8,000 tons, up from 2,000 tons in 1980. One high ranking Lebanese government official believes that the trade accounts for as much as 30 percent of Lebanon's foreign exchange earnings. One of the bigger producers is the family of Christian leader Sulieman Franjeh, Lebanon's former president, who has been under Syrian protection since his forces were decimated in a sneak attack by Bashir Gemayel's Phalange. Hashish is moved from the Syrian-controlled Bekaa Valley to Lebanon's two main ports, Beirut and Jounieh. Taxes are paid to Syrian officials and to Christian Lebanese militia, who presumably use the funds to support their political and military ambitions.

Assistant State Attorney Eugene Berry of Charlotte County, FL, known as a "tough, unbending" prosecutor of drug cases, was murdered in his home. Investigators have few leads but strongly suspect the hit to be drug related. Law enforcement officials are looking into the background of a woman who was seen near the Berry house, whose associates are said to include some people whose names turned up in the investigation of the slaying of U. S. District Judge John Wood in San Antonio. (MH 1-18-82; *St. Petersburg Times*, 2-14-82) Meanwhile, the Justice Department is reportedly about to prepare indictments against Jimmy Chagra, a professional gambler and drug smuggler discussed in past issues of Parapolitics, and Charles Harrelson, a convicted hit man, in the Judge Wood slaying. Authorities are supposed to have a transcript of a conversation between Jimmy Chagra and his brother Joseph, lamenting the stupidity of having arranged the murder. (NYT 2-28-82)

French Connection kingpin and Gaullist party insider Marcel Francisci was killed gangland-style in Paris on January 15. Francisci, said to be the brain behind the 1960s heroin traffic from Marseilles to the United States, was embroiled in a war with rival gamblers that had seen numerous lieutenants of his and his rivals killed. (*Le Monde*, 1-18-82)

Michele Sindona, the Sicilian-born financier, and 75 others accused of being Mafia heroin traffickers were ordered to stand trial on charges of criminal association, drug trafficking, and other crimes. The size of the traffic was estimated at nearly \$600 million a year. Some of the leading families of the Palermo mafia were implicated, including the Gambinos, Inzerillos, Spatolas, and Maggios. Sindona was accused of illegal possession of a weapon, using a false name to cash \$100,000 in travelers checks at a Palermo bank, and breaking currency laws by secretly bringing the money into Italy. The Sicilian mafia appears to have helped hide Sindona during his disappearance from the United States. Also indicted was John Gambino, who lives in the United

States. It looks unlikely that Sindona will be extradited to stand trial. (NYT 1-26-82; *Newsday* 1-26-82) Meanwhile, the Italian government has filed suit in federal court in New York against former Treasury Secretary David Kennedy, for conspiring to defraud the Banca Privata Italiana, once controlled by Sindona. (NYT 1-30-82) The Sicilian Connection still seems to be active. Federal agents recently announced the seizure in New York of 115.5 pounds of heroin worth \$70 million, said to be "probably the most important heroin seizure since the days of the French Connection," (NYT 2-23-82) The heroin was being smuggled in espresso machines imported from Italy.

Burmese and Thai troops are mounting coordinated raids against Burma's Shan-separatist opium king, Chang Chi-fu, Thai officials predicted the offensive would cut heroin production in half in the Golden Triangle but declined to give concrete figures. The U. S. is preparing to increase narcotics assistance funds to Burma and Thailand to \$5.8 million for 1982. (WP 2-23-82; WP 1-26-82)

More than 50 people, including 5 race car drivers, were arrested in South Florida, Georgia, and North Carolina, capping a 2 1/2 year investigation into a ring that smuggled more than six million pounds of Colombian marijuana during the last six years. (MH 2-16-82; 2-19-82)

Bradley Bryant, the key figure in a drug smuggling conspiracy associated with the Company (PPUSA/1 et seq.), has been indicted for defrauding the International Harvester Corp. of \$547,000 by financing the sale of nonexistent and price-inflated industrial equipment through a Bryant-owned subsidiary. Besides International Harvester, Citizens and Southern Bank of Savannah was a big loser. (*Philadelphia Bulletin*, n.d.)

The police chief for the Brazilian state of Amazonas was dismissed in December after rumors spread that his unit had become one of the principal beneficiaries of the expansion of the cocaine traffic into Brazil. A Colombian gangster, Benito Tavares, has charged that many federal police agents in Brazil are engaged in extortion, perjury, fabrication of evidence and the "disappearance" of seized cocaine from official stores. Later, however, Tavares said he had been forced at gunpoint by another federal agent to make the accusations against the police chief. (*LA Weekly Report*, 1-22-82)

General Frank Tweddle, recently retired from the Peruvian air force, was sentenced to 15 years after being detained while departing for Miami with 5 kg. of cocaine in his briefcase. Tweddle was head of the state airline AeroPeru at the time. (*Boston Globe*, 1-24-82) Two former Peruvian ministers of interior have also been accused of connection with a massive cocaine deal, leading the current minister of war to charge that these revelations are tied to a coup attempt. (*Latin America Weekly Report*, 3-5-82) US Customs agents seized 70 pounds of high-grade cocaine and arrested two employees of Faucett Airline, a Peruvian air carrier owned by Luis Leon Rupp, who is being investigated in Peru for banking law violations. (MH 2-24-82; 2-26-82)

A rash of stories recently has tied Cuba to the drug traffic in the Caribbean. In pre-revolutionary days, Cuba was a major transshipment point for heroin and cocaine into the United States. Castro seems to have put a stop to that, although FBN agents long maintained that some of the old drug network survived the change in power. One of the more suspicious indications of Cuban involvement has been the strange history of Jose Medardo Alvero-Cruz, described in PPUSA/5. He salted away in Spain and Luxembourg a fortune estimated to exceed \$100 million. A Bay of Pigs veteran and vocal anticommunist, Alvaro Cruz nonetheless managed to obtain a Cuban passport from the embassy in Madrid. Alvaro's henchman Carlos Hernandez Rumbaut heard Alvaro praise

the Castro regime and came away convinced that Alvaro, one of Miami's preeminent traffickers, was secretly working for the communist government. (PPUSA/5; Newsday, 3-1-82) The U. S. State Department, meanwhile, has charged that "since 1980 the Castro regime has been using a Colombian narcotics ring to funnel arms as well as funds to Colombian M-19 guerrillas. This narcotics ring was led by Jaime Guillot Lara, a Colombian drug trafficker now in custody in Mexico. He has admitted to working for Havana and purchasing arms for the M-19." The State Department charges that the Cuban government gave him \$700,000 to purchase arms for the guerrillas, and that in return for his services, "the Cubans facilitated the ring's trafficking by permitting mother ships carrying marijuana to take sanctuary in Cuban waters while awaiting feeder boats from the Bahamas and Florida." (MH 1-27-82) Castro's brother Raul was supposed to have met personally with Guillot in 1981. Agents of the Florida Department of Law Enforcement say they have further corroboration of Cuba's connection to the traffic. (LAT 3-4-82) Given Cuba's shortage of foreign exchange and its interest in supporting leftist insurgencies in the Caribbean basin, these stories are certainly plausible. Nonetheless, it is significant that Cuba has vigorously and unequivocally denied the charges (MH 1-29-82), and that the charges have come during a psychological warfare campaign being waged by the administration against Cuba and Nicaragua. Federal authorities have, at various times, aired spurious charges against China, Cuba, Allende's Chile, and Panama to influence public opinion. According to former CIA agent Manuel de Armas, who defected to Cuba and held a press conference in Havana in April 1976, the CIA hoped to blacken Cuba's image abroad by planting information to link the Cuban government to drug traffickers. According to de Armas, this was pure disinformation. (*Granma Weekly Review*, 5-2-76) Certainly the truth of the matter has, for the time being at least, been obscured by the propaganda war.

### **Right wing and terrorism**

The Turkish government informed Italian investigators that the man standing next to Mehmet Ali Agca when he shot the Pope last May 13 has been identified as Omer Ay, a long-time Turkish associate of Agca. Ay is supposed to have helped Agca escape from prison in Turkey, where he was being held for murder. Both men are rightist terrorists associated with the fascist Gray Wolves. As has now been arrested in Germany (through which Agca also passed). (NYT 1-5-82; 2-17-82) These events should embarrass the chorus of conservatives who claim that Agca was acting for the KGB-- although one suspects that logic and evidence have never played much of a role on that side of the debate.

Italian police in January, in the space of three days, arrested two Egyptians and five Italians in a murky plot of political espionage, arms trafficking, and murder, involving arms sales to right wing terrorists and narcotics trafficking; two West German and one Italian neo-Nazi terrorists; and six youths from the Middle East who had in their possession instructions for making bombs and rocket launchers. Italian journalists and magistrates now openly speculate that their country is being destabilized by foreign powers, including the USSR. (MH 1-21-82)

Marvin Liebman, the professional conservative organizer active with William F. Buckley in countless anti-communist front groups (including the American Chilean Council, which acted as an unregistered lobbyist for the Pinochet junta), has been hired by the Department of Education as a consultant to the department's magazine "American Education." (*Boston Globe*, 1-30-82)

Rolando Otero, a convicted terrorist bomber, jumped bail and is now believed to be hiding somewhere in Latin America. Otero was a CIA-trained commando who was imprisoned by Castro

after his capture at the Bay of Pigs. Otero was permitted to go free on bail after numerous dignitaries vouched for him. But people who know him say that Otero has a pathological fear of being raped while in prison and will do anything to avoid it. (MH 2-5-82) Omega 7, meanwhile, took responsibility for a wave of bombing attempts and machine gun attacks in Little Havana in late February. One of the targets was the pro-dialogue magazine *Replica*. The chief of Omega 7, Armando Santana, had pleaded guilty to using a false passport to travel throughout Latin America. The purpose of his trip was apparently to obtain arms and financing to establish a rightwing terror network throughout the hemisphere. (MH 2-23-82)

The Chilean government paid legal fees and family support during 1978 and 1979 for Michael Vernon Townley, the man convicted of masterminding the assassination of Orlando Letelier and Ronni Moffit in 1976. The letters also indicate that DINA chief Manuel Contreras had "at least one if not more current accounts open in conjunction with the CIA, accounts that they use to pay for service or work done for the CIA or in conjunction with it." They also reveal that Pinochet met with Contreras and with Italian neo-fascist terrorist Alfredo di Stefano in Spain. Di Stefano was a partner of Townley in foreign assassination plots. (WP 2-23-82)

Recent coverage of U. S. Labor Party antisemitism and mob ties: Dennis King, "Lyndon's Labor Pains," *City Paper* (WDC) 1-15-82; *Mother Jones*, January 1982; WP 11-25-81 on alliance between Harrison Williams and LaRouche over Abscam.

### **Nugan Hand update**

Australian journalists continue to dig into connections between Nugan Hand, Task Force 157, the Wilson/Terpil affair, and the "coup" against the Gough Whitlam government in 1975, in which Ted Shackley had a hand. Among the new revelations are that a CIA-linked firm, Commerce International, involved in international arms trafficking with Air America veterans and self-described Israeli intelligence agents, played a key role in triggering the financial scandal that prompted the downfall of Whitlam. (The National Security Agency has admitted that it does hold confidential information on these aspects of the so-called "loans affair.") One of the key agents in this scandal, Tirath Khemlani, was acting on behalf of agents of Commerce International, and was recently found guilty of attempting to move \$2 million of stolen U. S. money orders out of the U. S. on behalf of the mafia. (*National Times*, 8-16-81; 8-30-81; *Tribune*, 10-7-81) The *National Times* has also produced the most detailed account to date of the Nugan Hand-CIA connection, including much new information on Bernie Houghton, on Hand's arms deals (including one, in 1979, to ship howitzers to Libya, surely in connection with Wilson and Terpil), and revealing for the first time a relationship between Irving Trust in New York and Nugan Hand. Irving Trust has long been associated with money trafficking in the Far East. (*National Times*, 2-21-82)

## Neofascist activities

Who killed Francois Duprat, former Front national candidate? No one is sure. Duprat was an antisemite, collaborator of writer Maurice Bardeche (a Nazi collabo), an important figure behind the students of Jeune Nation during the Algerian war, founder of the Occident movement, director of Ordre nouveau and then Front national. He was pro-Nazi. Denied holocaust. For him, leftists were pawns of Jews.

In the early 1960s, he was put in charge by SDECE of recruiting among the extreme right for mercenaries for Katanga, and he became responsible for Moise Tschombe's propaganda. In 1967 his own friends suspected him of being an informer for Renseignements generaux and excluded him from the Occident movement. In 1968, SDECE again contacted him and proposed that he, like others on the right, reinforce the parallel police. He apparently was also a DST source.

Was he killed for informing? Or to stop his book on the financing of political parties? (*Nouvel Observateur*, 5-25-78)

(Note: Souetre was also tied to Katanga)

*Panorama* has uncovered from Rome to Paris, from Madrid to Lisbon, an invisible web tying together fascist and Nazi killers. Their head is Stefano Delle Chiaie and their documents talk insistently of bombs, vendettas, and massacres. The black orchestra has made an unprecedented challenge to the European system. Delle Chiaie, 43, founded the Avanguardia nazionale in 1962. He evaded an arrest warrant in July 1970.

The biggest revelations are contained in the recent revelations in Barcelona of four Spanish fascists, Alfredo Alemany, Vicente Ernesto Gonzales, Tormo Ancosta, and Ernesto Mila Rodriguez [suspect in Rue Copernic bombing]. They were arrested at the end of June with false documents and weapons, including two Ingram submachine guns, the same weapon used to kill Judge Occorsio in Rome. The four Spaniards spoke at length about the Fascist International, and above all about the role of Delle Chiaie. He believed in revolutionary action based on armed struggle and a national-socialist ideology. He always gave the Spaniards their orders on the occasions when they met him, individually or in groups.

Police suspected he might be behind the Bologna bombing. Meanwhile, however, Delle Chiaie, informed as always by his friends in the police, left France immediately after the first revelations of his Spanish comrades and went to South America, probably Chile.

The last picture taken of Delle Chiaie was in March 1976 at a Carlist demonstration in Spain. He was accompanied by another neo-fascist, the Tuscan Augusto Cauchi, who fled after the discovery of the black cell of Mario Tuti, author of the Italicus massacre in 1974. Delle Chiaie was photographed at the head of an international commando that provoked the death of two militant disciples of Carlos Hugo. The furor over the publishing of the picture led to the closing of a pizzeria that had opened in Madrid to provide cover for the fascists and for the formation, with Spanish secret services, of an ETA commando. What really broke up this network more than the picture was the discovery in February 1977 in the center of Madrid of a clandestine arsenal of munitions, guns, false passports, money, and three kg of gold. Delle Chiaie didn't end up in prison, unlike his friends Mariano Sanchez Covisa, head of Warriors of Christ the King, Salvatore Francia, Fiavio Campo, Elio Massagrande, Eliodoro Pomar, Mario Tedeschi and Pietro Benvenuto.

Delle Chiaie turned up in France, on the Cote d'Azur, with his right arm Maurizio Giorgi and his military lieutenant Cauchi. He found refuge in the Marseilles underworld. He used these months to contact old friends. In June he arrived in Paris as a guest of Francois Duprat, a former head of Ordre nouveau. He also met Maurice Schneider, director of the extreme right magazine *Cahiers*. In these first contacts in Paris, Delle Chiaie tried to forge a coalition of European extreme right groups, the fundamental step towards a unified national revolutionary party. To launch this there was a big meet in August 1977 at Saint-Cloud (Paris), where besides Delle Chiaie and another Italian were Marc Fredriksen, secretary general of Fane (Federation of European National Action), and Gilles Malliarakis, founder of MNR, the national revolutionary movement, and

the Spaniard Ernesto Mila, head of the youth front of Fuerza Nueva, a nazi and anti-ETA fighter. Duprat was the moderate; Delle Chiaie and Mila wanted violent and bloody action on a large scale.

Action began in France in August 1977 with a series of attacks against the headquarters of the PC and PS and against the Italian consulate in Paris. More than that: a series of assassinations laid bare a settling of accounts among the neo-fascists. The killing on March 18, 1978 of the "moderate" Duprat, who was accused also of being a spy (code-named Hudson) of the French secret service. The killings of Henri Curiel and of Pierre Goldmann, a leftist who had tried to unmask the fascist infiltration of the Basque EPA, showed that there was a death squad in the black international.

In 1978 there was a split between radicals and moderates among the Fuerza nueva in Spain. The radicals were backed by the most violent branch of the Lebanese falange; they attacked universities, planted bombs in the headquarters and newspapers of the left, and attacked pro-autonomy people in Catalonia and the Basque country. The most active group was that of Barcelona under Mila. His first target was Xavier Vinader, author of numerous investigations into the protection of neofascism on the part of some police. He was forced to escape after the destruction of his apartment, and he is now a fugitive between France, Belgium, and Germany.

Delle Chiaie, on the other hand, has been left untouched by the French police. This appears to be because he has done operations for the French in Africa, especially in Angola (for Unita) and in Algeria. He manages the old network of Salazar's Portugal—which he knows well, having collaborated with Yves Guerin Serac, head of Aginter Press. Italian secret service seems close to him too. (*Panorama*, August 18, 1980)

Barcelona police claim that several extreme rightists detained in the last few days in Madrid and Valencia maintained relations with the Fascist International, specifically with Stefano delle Chiaie, who is already known in Spain for his fascist action around the middle 1970s. Specifically, Alfredo Alemany, Vicente Gonzalez, and the escapee Rafael Tormo Acosta, recently visited in Paris with delle Chiaie on several occasions. Delle Chiaie tried to form a Grupos Revolucionarios de Accion, with the object of leading to a victory of national socialism in armed struggle. Police say that Alfredo Alemany has, for at least a year and a half, been in possession of a satchel of Marietta machine guns, which were delivered to him by an Italian nicknamed Claudio. (*El Periodico*, 7-8-80)

The appearance on the political scene in France of a true fascist party, whose director Marc Fredriksen today plans to present himself in the 1981 presidential election, the result of several years of evolution of a part of the French far right. Powerful ties untie, since 1975, Fredriksen, the leader of the old FANE (Faisceau nationalistes Europeens), to Francois Duprat, the lieutenant of Jean-Marie Le Pen at the head of the Front national, in their goal of destabilizing France, to the time when they together directed the journal *Cahiers europeen*. The strategy was to combine an ostensibly legalist fascist movement with lots of small nazi activist groups doing not so legal actions, as part of a strategy of tension, (eg. Belta, Groupe Paladin, etc.)

The strategy of tension in France goes back to 1975, when Francois Duprat made contact with international terrorist groups and the heads of all the little groupings in France. He gave direction of the journal *Cahiers europeens* to Marc Fredriksen, former leader of Action Occident, who formed FANE in 1966. *Cahiers* is just the successor to FANE's magazine Norte Europe. Fredriksen was also active in the 1978 legislative elections on behalf of Duprat, who was working with Le Pen at the Front national. Their idea was to create nationalist shock troops called Groupes nationaux revolutionnaires de base (GNRB). As Duprat wrote in 1978, what was needed were "combat groups coordinating several hundred militants in the major centers and the possession of a war chest." So they had a dual strategy, legalist and terrorist, like the MSI and Ordine Nuovo in Italy. Cahiers was Duprat's vehicle for forming his GNRB.

The ex-policeman Paul-Louis Durand, in charge of international relations of FANE, met Francesco Donini, head of the Sozialismo Nazionale movement in Italy, just days before the Bologna train station bombing. FANE is in touch with Nazis from Germany and elsewhere. (*Le Matin*, n.d., October 1980)

FANE and Front national have multiplied their contacts and joint actions— which include the demonstration on June 8, 1979 against an electoral meeting of Simone Veil. GNRB was created in 1976 by

Francois Duprat and Alain Renault, who in 1979 became secretary general of the Front national, (*ibid.*)

The far right in France raises money through frauds, holdups, rackets, burglary. In 1975 they kidnapped Louis Hazan, President-directeur general of Phonogram. The chief culprit, Daniel Moschini, belonged to the Legion des volontaires du Christ roy, a section of an international organization founded in Argentina and active in Spain under Mariano Sanchez Covisa. They think Pope Paul VI was "a jew, homosexual, and a drug addict." Covisa, a veteran of the Blue Division that fought with Hitler, is close to French fascist circles. It was no coincidence that his Guerrillas of Christ the King were found with three ingots of gold from the Nice bank robbery masterminded by Spaggiari. (*VSD*, no date)

One of the first postwar neo-nazi organizations, overtly pro-Aryan, was Nouvel Ordre europeen (NOE), founded in Zurich in September 1951 following a nazi conference in Malmo, Sweden. In late December 1974, the XII Congress of the NOE was held in a bar in Lyon. Among those present was Luis Garcia Rodriguez, a former Spanish secret service officer, and Ralf Guerin Serac, former head of Aginterpress, and Maristophe Dolbeau, implicated in the Bologna train station bombing. Less serious was the formation in 1966 of the World Union of National Socialists by George Lincoln Rockwell. In 1965 was formed the Internationale nordigue proletarienne, including Francoise Dior (niece of the celebrated couturier) and Patrice Chairoff, author of Dossier B. He belonged successively to the NOE, WUNS, and INP, all the while being a French police informer. Then there is the WACL, which includes Ordine Nuovo (terrorist group created by Pino Rauti, now head of MSI), and Francois Duprat. WACL finances terrorists in the network created by Aginterpress.

Said Pino Rauti, "If by an international one means a series of coordinated actions tending to the same end, then let us say there exists a national revolutionary international, which brings together all the neofascist groups. It doesn't possess a press organ or a headquarters; it only has points of convergence." It was at a congress of the NOE in Milan in 1965 and again in 1967 that Delle Chiaie, founder of the terrorist Avanguardia Nazionale, Pino Rauti, founder of Ordine Nuovo, and Robert Leroy, former Waffen SS, all met. (*De Matin*, August 16, 1980)

FANE is racist and pro-nazi; has about 100 militants.

Mouvement nationalists revolutionnaire (MNR), is an outgrowth of OAS. Its line is above all anti-American. Very small (*Le Matin*, August 14, 1980)

Four documents were seized from the daughter of Licio Gelli. One of them was destined for ex-senator Mario Tedeschi. It consists of a 174-page manual written in 1970 under the direction of General William Westmoreland, commander in chief of US armed forces, and meant for military espionage agents. It contains instructions on the study, control, and utilization of terrorism in "friendly countries." It also includes a 12-page supplement on "special interventions." The manual is titled "stability operations—intelligence." This document first surfaced in Turkey five years ago, then again in 1978 in Spain where it was published in the leftist *Triunfo* and in *L'Europeo* in Italy. The US embassy and CIA both denounced it as disinformation, but Covert Action recently declared it genuine. (*Panorama*, July 27, 1981, 47-48) (interesting that Gelli should have access to Soviet disinformation).

One of Gelli's many dossiers, no. 284, is titled: "Sovereign Military Order of the Temple of Jerusalem." That refers to the Order of the Templars, a masonic order found in Germany, Spain, and Switzerland (the seat of the order is in Geneva, under Alfred Zappelli).

For 10 years the SAC in France had a secret arm: the Order of the Templars, whose story is extraordinarily similar to that of P2. In 1970, the same year in which Gelli's lodge was bom, two heads of SAC, Charles Lascorz and Raymond Courbet, infiltrated the Sovereign Military Order of the Temple of Jerusalem, a decadent sect tied to the French Grand Lodge, and seized control. Lascorz became "inspector general" and Courbet "master secretary." The seat of the Order, in Paris, was transferred to the same address as the Society for Technical, economic, and commercial studies (ETEC), founded a few months before. In 1972, both ETEC and the Order were targeted by the French magistrates for involvement in gold and arms trafficking, for secret files and blackmail of politicians and industrialists. Both men were jailed. The order languished until 1975 when SAC chiefs revived it as a secret organization. Jacques Massie, former head of SAC for the south of

France, was a member of the Templars. According to the Communist *La Marseillaise*, Massie had been involved in arranging the transport by sea of arms from Turkey to Italy. Destination: the Red Brigades. Massie, going against SAC and the Templars, kept 558 million old francs made in the deal, for which he was killed. The author of the article says Gelli himself met in Marseilles with the French Templars, and in Marseilles had at his disposition a villa, formerly the consulate of a South American country. The villa was frequented by extreme rightist Italians tied to SAC and Ordre Nouvelle, the French fascists. In 1975 Mario Tuti, the Italian Nazi of Empoli then hiding out in France, was working as a gardener in a villain Marseille and was concealed by Ordre nouveau. (*Panorama*, August 10, 1981, 34-35)

Gelli met frequently, over dinner, with Aldo Semerari (arrested during the inquiry into the bombing of the Bologna train station) and Paolo Signorelli, ex mason and teacher in a middle school, in jail since last year for the killing of Roman Judge Mario Amato and of worker-student Antonio Leandri. Signorelli is considered by authorities to be one of the organizing brains behind right wing terrorism. This information comes from a turned rightist, who says he heard it from Bruno Mariani, a terrorist arrested after the Leandri murder, but who refuses to talk. Was Gelli perhaps behind the decision of rightist groups at the end of 1978 to once again take up killings and bombings? (*Panorama*, 8-10-81)

Vito Miceli discusses his decision to warn the Libyans about the Franco-British mercenary operation directed against Qaddafi. It won him gratitude of Libyan secret service. (*Oggi* 4-15-81)

Many members of P2 were also members of the Sovereign Military Order of Malta (SMOM). Licio Gelli found refuge at the diplomatic headquarters of the Order in Montevideo, where the ambassador was his friend and fellow mason Umberto Ortolani. Ortolani was SMOM's ambassador since 1979 and has been a SMOM cavaliere magistale for twenty years. Other SMOM/P2 members included Admiral Giovanni Terrisi, head chief of staff for Defense; General Giulio Grassini, head of internal information (Sisde); General Giuseppe Santovito, head of military intelligence and counter-espionage (Sismi), and general Giovanni Allavena, a manager of the old Sifar. Others included Giovanni Guidi, president of the Banco di Roma.

For SMOM members, their religion should make it impossible to join a masonic lodge.

Members of SMOM include ex-Presidente of the Republic Giovanni Gronchi, Antonie Segni, and Giovanni Leone; 5 ex chiefs of staff (Eugenio Henke; Giuseppe Alsia; Giovanni di Lorenzo), and several DC deputies. Forlani, Andreotti, and Fanfani also. Gianni Agnelli entered in 1945.

Today there are about 10,000 knights around the world. 40 countries credit SMOM and give it diplomatic status (ie accept ambassador). SMOM issues passports (including one to the ex-king of Savoy, Umberto di Savoia), and issues stamps valid in some countries (Nicaragua, Argentina, Nigeria, El Salvador).

Elio Massagrande is in Paraguay. (*L'Espresso* 6-28-81)

**"And now there is the Lemarchand "trail" where we find SAC and the parallel police," Les Nouvelles littéraires, 3 XII 81**

In the de Broglie affair there is a witness who never showed up. He is named Robert Leviet and he is hiding. Friend of Pierre de Varga, he made death threats against Inspector Roux, who in his now celebrated report announced, three months in advance, the plot to assassinate Prince de Broglie. But, this Robert Leviet is not an unknown. Member of SAC, he was, on behalf of lawyer-deputy Pierre Lemarchand, one of the principal recruiters of barbouzes during the 1960s. To this element let us add another: the restaurants owned by de Varga were all officially managed by one of his straw-men named Jean- Jacques Arlabosse. But the police found at the restaurant Laperousse the facsimile of a check for \$350,000 drawn on 10 August 1975 on a bank in Hong Kong for the profit of this Arlabosse. And the check came from the account of one Ngyuen Van Dom, called Devjorne, an ex-member of SAC and himself an acolyte of lawyer-deputy Pierre Lemarchand.

Third element: in the first group of killers recruited to hit de Broglie was a notorious gangster named Jacques Merignac. Friend of Inspector Simone, this Merignac, very close to de Varga, who had granted him a loan of 48,000 F, had, himself, worked for the parallel police (or barbouze). Strangely, Merignac wasn't worried. In revenge, two years after the assassination of de Broglie, he was implicated in the affair of the clandestine press for fake bills discovered in the "maison de retraite" Les cigales, near Marseille. Moreover, it appeared that certain of the individuals implicated in the Auriol murder had been mixed up in the counterfeit case.

Fourth element: when Inspector Roux, in his first report, noted that a traffic in fake treasury bonds (in which de Varga and de Broglie would be mixed up) was being prepared, he specified that one of the instigators was "an attorney in the Paris Bar." [implication here: Lemarchand] And in December 1975 there was discovered an important batch of fake treasury bonds originating in Gabon, where many SAC personalities were active.

Fifth element: at the center of the de Broglie affair is a certain doctor, Nelly Azerad. Friend (or lover) of de Varga and cardiologist to de Broglie, she furnished to the former a fake alibi to permit him to declare his innocence in the murder of the latter. But she was accused of having tried to have de Varga killed in prison to stop him from talking.

Moreover, Nelly Azerad, who in the 1960s was head of cardiology in the prison hospital at Fresnes, had been implicated in the the trafficking in pardons. It was a matter of obtaining, for money, the freeing of notorious criminals. And who inspired the traffic? The lawyer-deputy Lemarchand, who profited by it to recruit future SAC militants for the anti-OAS fight. If one believes a report of police wiretaps published this week in Journal du Dimanche, Lemarchand succeeded in freeing his "clients"—all gangsters from the underworld— thanks to the help of the chief of the staff of the Minister of Justice and technical adviser to the Minister of Interior of the period, Roger Frey. And why did UDR deputy Lemarchand have such influence? Simply because he was, on behalf of Frey, responsible for the parallel police; it was he who send the barbouzes to Algeria, who organized the kidnapping of Argoud in Germany, and who employed the team that staged, for the Moroccans, the kidnapping of Ben Barka. Lemarchand's contact at the Ministry of Interior was Louis-Bruno Chabret,

-2- then member of the staff of the head of the Surete. It was he who telephoned In the presence of Figon and Lopez during the height of the Ben Barka affair (?)

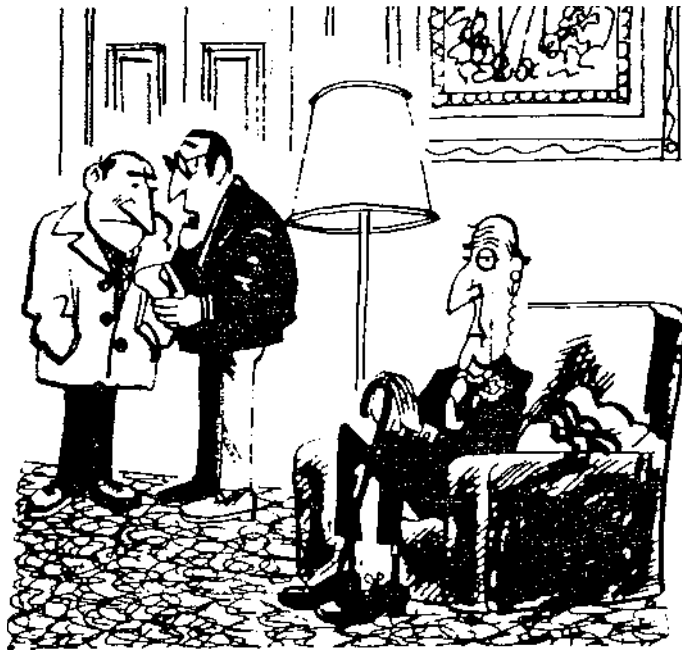
Because Lemarchand was also the employer of Figon and got him recuperated by two gangsters working for him, Serge Guendjian (the Armenian) and Philippe Lesca ("Bricole") ... We know what followed. We know also that found in the baggage of Figon was a questionnaire meant for Ben Barka, and written in the hand of Lemarchand. The lawyer-deputy didn't take much of a risk, since he was protected on the one hand by the Minister of Interior, his friend Roger Frey, and on the other by the commissaire Caille, head of the 2nd section of Renseignements generaux. Sure, Lemarchand in 1967 lost his seat in Parliament to a Giscardian and was later suspended for three years from the Bar. But he returned there

and was later discovered advising a band of dissident SAC members—the Charles Lascorz band—who threw themselves into all manner of frauds.

And now, through Nelly Azerad, we find Lemarchand in the de Broglie affair!

The questions accumulate. Why and for whom was killed Dr. Fully, the inspector general of prison doctors who got wind of the traffic in (medical pardons) and who was assassinated by someone on a motorbike, like the Judge Michel? Why and on whose account did Nelly Azerad try to kill Varga?

One detail: the doctor (Azerad) was very interested, recently, in the traffic of arms with Lebanon (she also tried to sell uranium to Libya). Moreover, according to Simone and Leyris, it is precisely the arms traffic with Lebanon that was at the origin of the de Broglie murder. One thing is for sure: at the bottom of this affair one finds the traces of the parallel police.



“Remembers working for British Intelligence, but can’t remember who *they* worked for.”

Watte, *hnullon Daily Mirror*

## The Business of Terrorism

By Jonathan Marshall

[A shorter version of this article appeared in *The Dial*, January 1982.]

It was November 15, 1979. George Gregory Korkala, New Jersey arms manufacturer and international trafficker in the devices of death, was in an expansive mood. He was sitting in room 2737 of the New York Hilton, doing business with two representatives of a shadowy Latin American guerrilla movement. Korkala promised to take care of all their needs--whether they included American M16 rifles, Soviet AK47s, French sub-machine guns, ground-to-air missiles, laser weapons, or even a variety of poisons. "I don't care where they're going," he assured his terrorist customers. "That's not important. I don't even want to know that. I'm content with helping." He laid down only one proviso: "I'm not interested in buying one or two /guns/ for some would-be assassin. If I'm going to sell, I want to order several hundred thousand."

The obliging revolutionaries later handed over \$56,000 as a down payment for a \$3.3 million order for 10,000 sten machine guns and ammunition warehoused in England. There was one catch, however: The "revolutionaries" were actually two undercover cops, who proceeded to place Korkala and his partner, former CIA agent Frank Terpil, under arrest for illegal arms trafficking.

Korkala, Terpil, and their associate Edwin Wilson, have since become notorious as international mercenaries who supplied weapons, explosives, and training to the terrorist forces of Libya, Uganda, and splinter groups of the PLO. Wilson and Terpil are now fugitives in Libya and Lebanon respectively, and Korkala was recently apprehended in Madrid. But the going was great while it lasted. While Terpil made do with a quarter-of-a-million dollar home in a suburb of Washington and another home in England, Wilson lived handsomely on his \$6 million, 1500 acre estate in northern Virginia, where he entertained the elite of the nation's capital with hunting, riding, and lavish barbecues.

Terrorism hasn't always been so profitable. Michael Townley, leader of the Cuban exiles who blew up former Chilean ambassador Orlando Letelier, and his coworker Ronni Moffit, was on a salary from the Chilean government of \$500 a month plus expenses. The average member of the Italian Red Brigades, living an uncomfortable and rootless existence, subsists on about \$15,000 a year. But as we enter what Claire Sterling calls "Fright Decade II," with pariah states and extremist movements growing ever more sophisticated in their terrorist tactics, so too have the profits of terrorism grown. The Monteneros urban guerrillas in Argentina, for example, hired their own banker to manage the \$40-odd million they amassed through kidnappings and bank robberies. The El Salvadorian guerrillas piled up a similar fortune in the 1970s with identical tactics--enough to support most of their foreign weapons purchases. For many movements, as the profits have grown, the business side of terrorism has begun to overshadow the political rationale.

Asked why he left the CIA for his sordid private pursuits, Terpil said, "For fun and profit . . . why should I give money away to those other people when I can make it for myself?" (WP 9-14-80) Terpil was unusually candid, perhaps, but he reflects the inherent tendency of terrorist movements to degenerate into criminal enterprises. Some movements have avoided this fate--the El Salvadorian guerrillas among them--but others, whether of the extreme right or the extreme left, have begun to adopt terrorism as a livelihood, where they once saw it only as a tactic justified by moral political aims.

Terrorism is costly; estimates of the annual budget of the Red Brigades, in their heyday, ran to about \$10 million. Only so much can be raised even from generous donors like Colonel Qaddafi; the rest has to be gleaned from illicit means, often the same ones perfected by organized criminal gangs: drug trafficking, bank robberies, kidnapping, and extortion. Terrorists and revolutionaries

are also prone to mix in common criminal circles when it comes to procuring weapons on the black market. (Commander Jonas, and El Salvadorian guerrilla leader, says that mafia contacts in the United States have been his biggest source of arms, adding that "some Mafiosi are leftists, some are rightists, but most are just businessmen." *NYT* 1-26-82). As the political demands of these groups remain frustrated year after year, and as the risks of the terrorist life begins to wear down even the most idealistically inclined, terrorists tend to lose sight of their original goals and succumb to the temptation to put their skills to work for common criminal ends. Where politics once legitimized crime as a necessary evil, crime now often subsumes politics.

Italy, home of numerous competing terrorist networks and of the original mafia, is perhaps the paradigm of this trend. Says one Italian parliamentarian who took part in the official investigation of the Aldo Moro kidnapping, terrorism in his country is "less and less motivated by ideology and more and more linked to the Mafia, the camorra /the Naples underworld/, common criminals." (*Chicago Tribune*, 8-9-81) This observation seems applicable to both extremes of the ideological spectrum. A Red Brigades financier, for example, did business with the notorious swindler and "paper hanger" Mel Weinberg (later to become famous as the Abscam "sting man") to obtain phony Certificates of Deposit that could be used as collateral with European banks to raise money for terrorist operations. (Greene, *Sting Man*, 64) The Red Brigades and other left-wing Italian terrorists teamed up with professional kidnapers and even with the dreaded Calabrian mafia, the N'drangheta, to raise millions through extortion and robberies. (Claire Sterling, *The Terror Network*, 208-210, 223)

But it is the far right in Italy that has had the longest history of ties to organized crime, going back to the early days after World War II when monarchist and neo-fascist separatists in Sicily backed Salvatore Giuliano, a leading gangster, in his massacres of leftist political opponents. (Gaia Servadio, *Mafioso*) More recently the fascist-mafia alliance was exemplified by the formation, around 1973, of the informal Anonima Sequestri by the former monarchist Carlo Fumagalli, who led the band in kidnapping an industrialist in the north, and also engaged in gold and counterfeit money traffics. (Fumagalli allegedly worked for the CIA in the 1950s; Frederic Laurent, *L'Orchestre noir*, 364, 278.) On the mafia side, the organization was said to be headed by the much-feared Luciano Liggio, an experienced kidnapper (Servadio, 260).

One of the leading affiliates of Anonima Sequestri was the so-called Italo-Marseilles gang, headed by Albert Bergamelli, perpetrator of the notorious hold-up at the Colombo jewelry store in Milan in 1964. Bergamelli's gang pulled off numerous profitable kidnappings in Italy in 1974 and 1975, including, in the latter year, the seizure of Amedeo Maria Ortolani, a rich businessman. The reason for the Ortolani kidnapping became apparent after Bergamelli's arrest in March 1976 on the orders of Judge Vittorio Occorsio. Bergamelli boasted as he was captured, "I am a Nazi . . . a great family protects me." On March 30, 1976, Bergamelli's attorney, Gianantonio Minghelli, was also arrested and accused of laundering money from kidnappings. Minghelli was a fascist and also an attorney for Adriano Tilgher, chief of the terrorist Avanguardia Nazionale. The "family" that protected Bergamelli turned out to be the P2 lodge headed by Licio Gelli, and whose organizational secretary was Minghelli himself. At the end of 1976 a dissident mason, Francesco Siniscalchi, denounced P2 as a fascist front. Besides Gelli, who had been active with last-ditch Italian fascists in the Republic of Salo in the end of World War II, the lodge included Vito Miceli, former head of the Italian intelligence agency SID, a fascist MSI deputy, and suspected of complicity in the December 1970 coup plot of Prince Borghese; Carmelo Spagnuolo, former chief judicial officer in Rome; Edgardo Sogno, a known coup plotter of monarchist sympathies; and General Ugo Ricci, implicated with the shadowy Rosa dei Venti in terrorist acts and coup planning. The Italian magistrate Occorsio, even before Siniscalchi's revelations, had begun investigating whether Bergamelli's ransoms financed Gelli's paper organization to aid masons, OMPAM. (Laurent, 365; Jean Lesage, *L'Italie des enlevements* (Paris, 1978), 195-200).

It appeared, from Siniscalchi's revelation, that Gelli had ordered the kidnapping of Ortolani to punish Ortolani's father Umberto, a fellow P2 member with whom he was feuding. If so, they soon patched up their differences. Gelli used his Peronist connections to help Ortolani expand his Argentine business interests, and after Gelli was forced to flee Italy in the wake of the 1981 P2 scandal, Ortolani helped him find refuge in Latin America.

Occorsio didn't live long enough to see the investigation completed. It was Judge Occorsio, by all accounts who began and then so tenaciously pursued the inquiry into fascist-criminal ties; it was fitting, therefore, that he died at the hands of that same combine. His chief killer, Pier Luigi Concutelli, was a former leader of the fascist Ordine Nuovo who had become military commander of a new fascist united front formed in the Winter of 1975 out of several organizations, including Ordine Nuovo and Avanguardia Nazionale. Seed money for the new "revolutionary militia" came from the August 23, 1975 kidnapping of the banker Luigi Mariano, which raised a ransom of 280 million lira. Several members of the kidnap plot were arrested, including a top MSI official from Brindisi, Luigi Martinesi, who in turn revealed the name of the political leader of the new fascist front; Clemente Manco, an MSI deputy and permanent member of the Parliamentary Commission of Inquiry. Mariano's kidnapper, it appears, was Concutelli himself. (Lesage, 178-80; Laurent, 365)

Shortly before his assassination, Occorsio had requested from Scotland Yard information relating to Universal Banking Corporation in London, where the Mariano ransom had been deposited. Later investigation showed that Universal was one of three family banks registered in Anguila with branches in London, which had been used almost exclusively for laundering money from Italian kidnappings and all manner of international robberies and frauds. British authorities learned that one of Universal's officials, Benito Rosas of the Dominican Republic, was a close associate of Jacques Forcet (arrested in Switzerland for handling financial transactions for fascist kidnapers) and above all of Tomasso Buscetta, a mafia partner of Liggio and a kingpin of the South American heroin traffic organized by August Ricord. Another associate of the bank was Giuseppe Pugliese, who had been entrusted by Ordine Nuovo with financing fascists on the run, including Mario Tuti, who masterminded the notorious Italicus train bombing. Pugliese established a base in Corsica to which fascists from all over Europe congregated, including such notorious Italians as Elio Massagrande and Stefano delle Chiaie. (Pugliese was also friends with Marseilles underworld boss Gaetan Zampa, one of the Nice bank robbers. See *L'Express*, 2-21-77). It was at Pugliese's retreat, apparently, the Occorsio murder was planned. And who was the mastermind behind the Universal Banking network? Scotland Yard's investigation allegedly turned up one name: Meyer Lansky. (Lesage, 237-240; Luis Gonzalez-Mata, *Terrorismo Internacional* (Barcelona, 1978), 220-223).

When Italian police finally caught up with Concutelli in Rome in February 1977, they found in his possession 11 million lira taken from the ransom of Emanuela Trapani, daughter of the Italian distributor of Helene Curtis products. She had been kidnapped by the gang of Renato Vallanzasca, an Italian Dillinger who flouted the mafia and enjoyed the glare of publicity. Vallanzasca had teamed up with Concutelli's crowd because he didn't have the means to launder all the money he was making. Police captured him two days after Concutelli's arrest; the two had apparently been plotting to spring Bergamelli from prison and to kill Occorsio's successor' (Lesage, 208; Laurent, 366; *L'Express*, 2-21-77)

The most notorious of all Italian kidnapers, as we have seen, was mafia boss Luciano Liggio, nominal head of Anonima Sequestri. His organization took in hundreds of millions of lira as it perfected techniques for holding luckless businessmen up for ransom. When Italian police finally arrested him in 1974, they found in his possession the secret telephone number of Ugo De Luca; Liggio's lieutenants also had the number. De Luca was the head of Banco di Milano, which he ran for Sicilian financier Michele Sindona. De Luca apparently specialized in the wholesale export of

dirty mafia money, especially to Canada. Sindona was no better; he has recently been indicted in Italy for complicity in narcotics trafficking. But of greater political significance is the fact that Sindona, a member of the P2 lodge, was a key participant at a March 1973 strategy session of Rosa dei Venti, a powerful coup group with members high in the Italian military. Otto Skorzeny, the Nazi commando turned arms agent, was a key backer of the Rosa conspiracy, just as he had supplied arms to the Borghese putsch attempt of December 1970. (Lesage, 232-233; Laurent, 261; *Cuadernos para e Dialogo*, 2-5-77)

Italian neo-fascists exported their methods to France, where kidnappings had hitherto been rare. The first victim on a long list of kidnappings was Louis Hazan, head of the Philips subsidiary Phonogram. He was grabbed on December 10, 1975 by six men armed with submachine guns. They demanded 15 million francs ransom, but blew the job and were eventually caught. All the kidnappers were denizens of the extreme right--Forces nouvelles, Ordre nouveau, OAS, and so forth. Of the three leaders, two were Italians. Ugo Brunini, an Italian fascist, was said to have belonged to Avanguardia Nazionale and to have worked for PIDE (Portuguese secret police) and BOSS (South African) in Mozambique, and for Jonas Savimbi in Angola. (Gonzalez-Mata, 209). Another leader of the Hazan kidnappers was Daniel Moschini, who had been with Ordine Nero in Italy, then fought with mercenaries from Aginterpress in Angola, and finally moved to France where he served numerous far right groups and acted as the French contact for the Spanish Guerrillas of Christ the King and their anti-Basque front, ATE. (Laurent, 389-391; Liberation, November 3, 1980). The third leader was Jacques Prevost, an Ordre nouveau candidate in 1971 who had fought in Korea, at Dien Bien Phu, and with the OAS in Algeria; he had been imprisoned for plotting to assassinate Charles de Gaulle but was given amnesty in 1968. He later went into business supplying arms for mercenaries in Africa. (Laurent, 389-91; Wilfred Burchett & Derek Roebuck, *The Whores of War* (London, 1977), 151-153).

One of Prevost's known colleagues was a young mercenary named Jean Kay (*Nouvel Observateur*, 9-13-76). At an early age, Kay had joined up to fight in Algeria, only to desert and commit himself to the OAS cause. When that terrorist group had spent itself, Kay drifted from one mercenary campaign to another, in Biafra, Angola, and Jordan. While in the Middle East, he became an instructor to the forces of the leader of the Christian Phalange in Lebanon, Pierre Gemayel, an admirer of Adolf Hitler. Kay married an ethnic Armenian and returned to France, only to become active again as a mercenary, this time with the SDECE-sponsored secessionist movement in Angola's Cabinda province, inspired by the ambitions of the French oil company ELF. In 1976 Kay made his mark on French history. He teamed up with a disgruntled accountant who embezzled 8 million francs from Dassault, the leading French aerospace firm. Kay accompanied his partner, M. Vathaire, to Miami in early June, where Kay made a show of contacting the mafia (*London Daily Express*, 10-1-76). On their return, Kay left Vathaire in the cold and absconded with the money. In July Kay went to Lebanon, where he apparently rejoined Gemayel and turned at least some of his loot over to the Phalangists. (*Le Point*, 9-13-76. It is intriguing that Kay split up with Vathaire at the small town of Divonne-les-Bains near the Swiss border, where Jacques Souetre is manager of the largest hotel, according to Henrik Kruger who interviewed him there.)

According to French police sources, Kay is suspected of meeting one Albert Spaggiari in August 1976. Spaggiari had just become notorious as leader of France's greatest bank robbery, the sewer job against the Société General branch in Nice, over the weekend of July 17-18. (Burchett & Roebuck, 156). Spaggiari got his start in the underworld in 1949, fighting with the Sicilian bandit Salvatore Guiliano, an ally of rightwing politicians and landowners. (*Le Monde*, 11-21-76). He later joined the terrorist OAS and took part in two unsuccessful assassination attempts against de Gaulle. His sewer team included fellow OAS veteran Gaby Anglade, the Marseilles underworld boss Gaetan Zampa who attended the 1970 congress of Ordine Nuovo (Laurent, 397) and was

known to Giuseppe Pugliese (see above); and an Italian member of the Italo-Marseilles gang, whom Spaggiari recruited in Rome (Laurent, 400). Their total haul came to upwards of fifty million francs. Some of their loot was later traced to the Spanish coffers of the Guerrillas of Christ the King and the anti-Basque ATE (*L'Express*, 2-21-77). French police also traced some of the gold to Andre Conges, a former member of the Comité Anti-Terrorist de Nord de l'Afrique (CATENA) and the SDECE-inspired Main Rouge, an anti-Algerian nationalist organization active in North Africa in the 1950s. Conges was using the gold to stamp out counterfeit coins. (Gonzalez Mata, 215).

The remnants of the French OAS have formed a pool of international mercenaries for hire by the highest bidder. Ed Wilson recruited some in order to stage a coup in Chad on behalf of Qaddafi. (London *Sunday Times*, 12-21-80) (It didn't succeed, so Qaddafi simply invaded the country a few years later). By the late 1960s, many of them had joined up with such guns-for-hire outfits as Aginterpress in Lisbon (a phony news agency that supplied mercenaries for the Portuguese in Africa) and the Paladingruppe in Spain, run by a former German Nazi, which did odd jobs for the Greek colonels and, allegedly, for large German multinational corporations.

Numerous French fascists besides Jean Kay found Lebanon a suitable outlet for their militant ambitions. The Parti des forces nouvelles and Groupe Action Jeunesse were particularly well represented among the forces of Camille Chamoun, a Christian and former president of Lebanon. (Laurent, 412) One Action Jeunesse mercenary, Stephane Zanettaci, lost his life in the Phalangist (Gemayel) attack on the Palestinian refugee camp at Tel-al-Zaatar in 1976. (Burchett & Roebuck, 156). One Australian mercenary quoted by the Guardian of London said "I reckon there are about forty Frenchman fighting with the Falangists. . . . They come over here for three months, get trained, do some fighting. Then they go back and wait to go into action in France." (Quoted in Burchett & Roebuck, 157).

Right-wing Phalangist forces in Lebanon have found other sources of international support, aside from a sympathetic community of Lebanese in the diaspora. The fascist Eoka-B movement in Cyprus transshipped arms from Israel to Gemayel's men. (WP 7-21-76). The Italian mafia also routed arms to the Phalangists. (Anthony Sampson, *Arms Bazaar*, 11). Italian magistrates investigating the bloody bombing of the Bologna train station in 1980 discovered that several suspected neofascists had passed through Phalangist training camps in the company of rightists from Belgium, France, and Spain. Alessandro Alibrandi, leader of the neo-fascist Italian terrorist group Terza Posizione, used to live in East Beirut under Phalangist protection, until he was assassinated during a secret trip to Rome this December. (*Middle East*, July 1981; *Panorama*, 9-15-80).

In Lebanon, the Christian Phalangists and other warring forces finance their arms purchases in part through the drug traffic. Lebanon has long been a key point in the world narcotics traffic; opium grown in Turkey (where some of it is now smuggled by the fascist Gray Wolves) was refined and transshipped out of Beirut to Marseilles (or now Sicily) for further processing and then final shipment to the United States. Lebanon is also a source of other drugs. Moslem farmers in the Bekaa valley (near the Syrian border) grow hashish in profusion; the crop last year was estimated at 2000 tons, up from a mere 100 tons before the outbreak of the civil war. The crop is then moved to the United States, Western Europe, Egypt, and Saudi Arabia by the Christian Phalangists and their dire enemies (but fellow Christians) in the Franjeh clan, based in the north and enjoying close relations with the Syrians. A whole string of Christian-controlled ports has sprung up north of Beirut to handle the traffic, drawing millions of dollars of business away from government docks. (*NYT* 10-5-81)

The "French Connection," of which Lebanon was such an important part, was shifted to Latin America in the 1960s under the guiding eye of French and Italian fascists and criminals,

including, as mentioned above, Tomasso Buscetta. Through Latin America, drugs could be moved with the help of corrupt governments and military administrations into the United States, evading tight Customs controls on ports in the northeastern United States. The ring was ostensibly headed by Auguste Ricord, a former Nazi collaborator who relocated after World War II to Paraguay, where he was assisted by Nazi escapee Klaus Barbie, the "Butcher of Lyon" who made his home in Bolivia. (Jaubert, *Dossier D comme drogue*, 285n).

One of Ricord's closest assistants was Christian David, a former leader of the Gaullist strong-arm squad, Service d'action civique, that battled the OAS in Algeria and France in the early 1960s. SAC recruited heavily from the underworld, and David was one of those gangsters whose activities was sanctioned by the French state as long as he didn't overstep the bounds. But he was forced to flee to Latin America when, having been implicated in the political murder of Moroccan leftist Mehdi Ben Barka and in the shooting of a French police lieutenant, his political allies could no longer protect him. In Latin America, however, he kept in touch with his friends in the Foccart network and, on behalf of local military intelligence agencies, infiltrated the Uruguayan Tupamaros guerrillas and fingered their leadership. Touring around the continent on an Argentine passport, he tried the same tactic in Argentina, Brazil, and Venezuela.

But David's real livelihood was crime; in particular, trafficking in heroin. He was joined at the apex of the Ricord network by a former OAS henchman, Francois Chiappe, who, like David, now put politics aside. David and Chiappe were arrested in 1972 after the United States brought enormous pressure to bear on Latin regimes that harbored the traffickers. David was eventually extradited from Brazil to the United States, where he remains in prison. Chiappe, however, was mysteriously freed from prison by Argentine authorities, just in time for him to take part in a military intelligence sponsored massacre of left-wing Peronists at Ezeiza airport in June 1973. Chiappe became an enforcer for the right-wing Peronist minister of social welfare, Jose Lopez-Rega (a P2 member) who, ironically, used U. S. military aid to entrench himself as Argentina's preeminent narcotics trafficker. One of Lopez-Rega's closest allies and the organizer of the Ezeiza massacre, Colonel Jorge Osinde, went on to become Argentina's ambassador to Paraguay, nerve center of the French Connection. (Henrik Kruger, *The Great Heroin Coup* (Boston, 1980); *Latin America* 12-19-75).

The French Connection, with its terrorist ties, lives on in Bolivia, home of the "Bridegrooms of Death," a cocaine syndicate headed by former Gestapo boss Klaus Altmann (a/k/a Barbie). Altmann, wanted for war crimes in France, is a close associate of Bolivian colonel Luis Arce Gomez, who became Interior Minister following the notorious "cocaine coup" that the two men helped organize in 1980. Arce controls a fleet of private planes that he uses to move cocaine; he also commands a force of several hundred agents in the Special Security Service who divide their time between running drugs and torturing political prisoners. According to the New York Times, "reportedly aiding the colonel is a team of more than 20 foreign mercenaries from France, Italy, Belgium, Argentina, and other countries. Some of them say they are neo-Nazis. Last year they helped establish and train the Special Security Service, which became the vanguard in storming Government ministries and labor unions in last year's coup, in which more than 40 people died." (NYT 8-3-81) One Special Security Service trainer is former SS commandant Albert von Ingelom, who served 20 years on a Nuremberg conviction. Other German Nazis from Altmann's contingent, eight of them altogether, were arrested by Brazilian police for bringing six pounds of cocaine across the border; also in their possession were a pair of machine guns and a pile of Nazi propaganda. (*High Times*, January 1982; *Newsweek* (international edition), June 8, 1981).

Cocaine refined in Bolivia titillates nostrils from Hollywood to Miami Beach. While German Nazis and former OAS terrorists ship the white powder north, Cuban exile terrorists receive it in Miami. Among the leading contacts of the French Connection in the 1960s were Bay of Pigs

veterans Francisco and Ronald Condom-Gil. Ronald, prior to his arrest on drug charges in 1973, had been held in a Cuban jail for conspiring to assassinate Fidel Castro.

Francisco was recently arrested in Miami as part of yet another huge ring, dominated by Cuban exiles, that imported Bolivian cocaine direct from Colonel Arce. Indicted with Condon-Gil was Frank Castro, said to have been the key organizer in 1976 of the terrorist cabal that plotted such outrages as the Letelier assassination and the bombing of a Cubana Airlines jet, which cost 73 lives. (Castro's coconspirator, Orlando Bosch, was no stranger to drugs; his daughter was arrested in Miami with seven pounds of cocaine and the address of WFC Corporation in her possession. See John Cummings, "Miami Confidential," *Inquiry*, August 3, 1981).

Yet another exile charged in the Miami drug ring was Rafael Villaverde, beloved in Little Havana for managing a social service center for the elderly, but suspected by authorities of being a major drug trafficker and terrorist. "I am a friend of the terrorists," Villaverde admits. "For me that's not bad when you do it in the defense of liberty." Villaverde, an original member of the Bay of Pigs invasion force, was approached by Ed Wilson in 1976 with a \$1 million offer to assassinate the famed terrorist Carlos. Villaverde backed out when he learned the target was actually to be an opponent of Qaddafi's, and that the operation wasn't sanctioned by the CIA (MH 8-16-81).

The examples could be extended. Whether the original target was dictatorship in Cuba or democracy in France, however, the means of terrorism have almost invariably corrupted the ends. Yet it would be wrong to stop there and simply decry the evil of terrorist entrepreneurs who keep the world increasingly on edge. They are an easy target of moral wrath. But they are usually only the agents of higher powers--governments--that keep terrorism alive in their own interest. Qaddafi's Libya is only the most publicized example.

The alliance between governments, terrorists, and criminal syndicates can be illustrated by incidents on America's own soil. In 1943, for example, the prominent anti-fascist Italian-American editor Carlo Tresca was gunned down on the streets of New York. Reliable police reports fingered as the culprit one Carmine Galante, then a small-time soldier in the New York mafia family headed by Joe Bonnano. Galante, who pulled off the job as a favor to Benito Mussolini's secret police, on instructions from Vito Genovese, went on to become a top crime boss in the 1970s, only to be slain himself in a gangland war for control of the East Coast heroin trade.

In 1956, New Jersey mafioso "Bayonne Joe" Zicarelli, who made a fortune selling arms to Dominican dictator Rafael Trujillo, chartered the plane used to kidnap the distinguished émigré scholar and democrat, Jesus de Galindez, then living in New York City. Galindez was flown back to the Dominican Republic to be brutally murdered by Trujillo's secret police.

Finally, in 1960, the CIA made its notorious pact with leaders of the U. S. mafia to kick off a multi-year campaign to assassinate Fidel Castro. The CIA counted on its underworld allies using their drug and casino contacts back in Cuba to slip Castro some poison, or to simply shoot him. But not only did Castro survive all the attempts, the mafia dons in turn blackmailed the U. S. government to avoid prosecution for other crimes. By most accounts, one of those CIA collaborators, Florida mafia chief Santo Trafficante, went on to replace the French Connection as the main supplier of pure heroin to U. S. markets.

Galante, Zicarelli, and Trafficante, terrorists in the service of three different intelligence agencies, never paid for their political crimes; on the contrary, each gained new power and prestige by an alliance with governmental authority. Governments have helped make terrorism a big business. In a complex, interdependent world, terrorism can probably never be stamped out. But terrorism can only flourish where states encourage the practice by turning to crime syndicates to perpetrate political violence.

## The Men Behind the New Counter-Reformation

By Kevin Coogan

Four centuries ago began that laceration of Europe from which we suffer to this day, and it was the Reformation that worked it.... Look at what has taken place as the years unfolded. Protestantism means religious liberalism.... It did not take this religious liberalism long to become political liberalism, the liberalism of the French Revolution, which did not express the Christian concept of liberty, but that of a self-styled liberty, a liberty of doing everything and anything that is actually license.... After reaching power, liberalism kept saying 'laissez faire, laissez passer.' Then, you see, the social question became more and more sharp, and the early romantic socialism of the last century was born as an instrument for common defense.... But this romantic socialism has matured.... it has become the advocacy of the dictatorship of a class; it has become a political system: Communism.

As you see, there is a fatal logic to error. You see how tightly interwoven are the transformations in thought and the transformations in social conditions. Over the centuries, today's Communism has descended from the Protestant Revolution.

--PROFESSOR LUIGI GEDDA<sup>1</sup>

In an interview with *Los Angeles Times* reporter Robert Scheer in November 1981, Richard Perle, U.S. Assistant Secretary of Defense and current chairman of the so-called High-Level Group of NATO, gave the whole game away. In the Scheer interview Perle launched a massive attack against the European anti-war movement which Perle claimed was a product of "Protestant angst." Perle went on to contrast this "angst" with the mood of the "Catholic South" saying, "when you look to Catholic Europe, when you look at Portugal, Spain and Italy. . . you find a very different attitude. . ."2

Today the forces of the "Catholic South" are very much on the rise. A new counter-Reformation is sweeping Europe and the United States, a movement which has the full support of both the Reagan and Thatcher governments. This summer when the Pope visits England, under the auspices of the Thatcher backed head of the Anglican church, Archbishop Runcie, the capitulation of a whole section of the Anglican Church to Rome will be completed. Equally dangerous, those forces within the Catholic Church itself who have been in the vanguard of supporting economic reforms in Latin America as well as a real movement to limit nuclear arms worldwide, will suddenly find themselves being classified as new "heretics." Today we have seen the absurd farce of the liberal Jesuit Father Drinan being driven from Congress because the most overtly political Pope of our time feels Drinan's position in Congress is "too political"! As sinister organizations like the Spanish and Latin America based Opus Dei gain in power, their rise abetted by rightwing elements in the Jesuit Order itself, it will be the moderates in the Church structure and not just the extreme "theology of liberation" minority who will find themselves more and more on the out.

To understand the rise of rightwing Catholic power worldwide it is necessary to clearly identify the heart of the beast. That is an organization called the Sovereign Military Order of Malta (SMOM), a Vatican order which has been in existence for almost a thousand years. Better known as the Knights of Malta, this organization began as the military arm of Catholic power at the time of the Crusades. Even since that time the Knights of Malta have been in the leadership of the right-wing Catholic aristocracy of Europe in the crusade against secularism, Protestantism, Communism or any other form of social organization which threatens the power of the Catholic nobility. It is no accident then that Professor Luigi

Gedda, longtime head of Catholic Action, became a member of SMOM in 1948.

Today the resurgence of SMOM is best symbolized by the fact that SMOM member William Casey is the current head of the CIA. Casey will be one of the figures who will give the “Donovan award”, trophy of the OSS “old boys” to John McCone, devout Catholic, SMOM member and former head of the CIA. It was McCone, in his position as one of the heads of ITT, who played a leading role in coordinating the destabilization of the Allende government in Chile. Other leading members of American SMOM are William and James Buckley. With the replacement of the right-wing Catholic Richard Allen by the equally rightwing Catholic William Clark as President Reagan’s National Security Council advisor, the influence of SMOM has increased. Alien’s failure was chiefly due to his incompetence in manipulating Ronald Reagan, a skill that Clark developed over his years of long service with Reagan.<sup>3</sup> With his new post Clark has brought along William F. Buckley as one of his political consultants. Another devout Catholic, General Vernon Walters, the brains behind the 1964 coup against the Goulart government in Brazil and one of the dirtiest figures in the American intelligence community, has become the key man for both Alexander Haig and William Clark in dealing with Central America.<sup>4</sup> At the same time James Buckley is being elevated to an even higher post in the State Department as he replaces Robert McFarlane, a close Haig aide who has been redeployed to become a member of Clark’s NSC staff.<sup>5</sup> Given the fact that Alexander Haig (whose brother is a Jesuit priest) himself has the closest ties to the rightwing Catholic run Georgetown Center for Strategic and International Studies (CSIS), it is safe to say that Reagan will be under total control of this group should they decide to go “eyeball to eyeball” with the Soviet Union in some new “Cuban missile crisis” situation.

That people in an organization like the Knights of Malta could be seriously prepared to run such brinkmanship games should not be doubted. As part of the belief structure of the Knights of Malta the notion of a holy crusade for Catholic order is central. Men like William Buckley consider it the highest honor to be allowed to dress up in special black capes with white Maltese crosses and swords as they swear their lives to the defense of the holy Mother Church. In his book *Real Lace* Steven Birmingham captured some of the aura associated with the Knights:

The Knights of Malta comprise what is perhaps the most exclusive club on earth. They are more than the Catholic aristocracy; they are the nobility, royalty. While the Knights of Columbus are associated with lodge meetings and binge, the Knights of Malta can pick up a telephone and chat with the Pope.

The crusading nature of the Knights led them both to virtually launch both the Cold War, the McCarthy “witch-hunt” and the last great crusade known as the Vietnam war. In preparation for the Cold War the SMOM gave (on November 17, 1948) its Gran Croci Al Merito Conplacca to none other than Reinhard Gehlen, a former head of Nazi intelligence and one of the lynchpins of the Dulles-CIA drive against the Soviet Union. To grasp the full impact of the award it must be also realized that only 3 other men had gotten the Gran Croci besides Gehlen. (For the record, Gehlen’s brother was the secretary to the then head of state of SMOM, Count Thun Hehenstein.) Even more amazing given his history is the fact that on December 27, 1946 SMOM awarded the Croci Al Merito Di Seconda Classe to James Angleton.<sup>6</sup> Angleton later went on to recommend CIA funding for Luigi Gedda’s Catholic Action and for many years Angleton headed up the CIA’s Vatican desk.

It was the SMOM-Georgetown axis which also launched Joe Me Carthy’s career. McCarthy was directly briefed by men like Father Walsh of Georgetown University who, with the help of the FBI, fed McCarthy his stories of “Communists” in the State Department.<sup>7</sup> It is not just a case of “deja vu” when today the group is Georgetown-CSIS and it goes after such politically pathetic groups as the Institute for

Policy Studies for their “KGB connections.” In fact the IPS in these circles is perceived as the outer wing of an “Atlanticist” faction in both American and British intelligence. Such British intelligence figures (and social democrats) as Richard Crossman have long been attacked by SMOM types for sponsoring the social democratic parties of Western Europe.<sup>8</sup> It was because men like Gehlen hated the social democrats of all kinds that they also hated whole sections of British intelligence. In effect they saw the Anglican and Catholic progressive circles as having their stronghold in the British Labor Party and other circles.<sup>9</sup> This is why Georgetown was the home base for Professor Carol Quigley whose book Tragedy and Hope “exposes” the close relations between the British “Roundtable” group and the American Council on Foreign Relations. *Tragedy and Hope* is the bible of the Birch Society and Catholic right. With the rise of the Thatcher faction of the Tory party (and the decline of Edward Heath whose ties were to much more moderate elements) the SMOM right has run a virtual coup in England.<sup>10</sup>

It is particularly appropriate then that one of the leading figures of SMOM today should be Tom Bolan, of Saxe, Bacon and Bolan, the firm of McCarthy aide Roy Cohn.<sup>11</sup> Tom Bolan’s importance in Catholic affairs was underlined when President Reagan appointed Bolan as the U.S. representative to meet the Pope when the Pope stopped off in Alaska after his visit to the Philippines. Bolan, a top advisor to U.S. Senator Al D’Amato, is also a leader of the East Side Conservative club in New York City.

Saxe, Bacon and Bolan is also the major law firm for the Archdiocese of New York and its leader Cardinal Cooke. Cardinal Cooke is the direct successor to Cardinal Spellman who for years was the “spiritual center” of the Knights of Malta. Not surprisingly Cardinal Cooke has come out recently in opposition to any attempt to limit the spread of nuclear weapons. Today Cardinal Cooke is filling Cardinal Spellman’s role as “Grand Protector and Spiritual Advisor” to the American wing of SMOM.

The role of Cardinal Spellman in American politics cannot be skipped over. There is so much dirt on Spellman one does not quite where to start. Suffice to say if there was any one figure in America who played the key role in getting the United States into Vietnam it was Cardinal Spellman. If it were not for Spellman Diem would never have become president of South Vietnam. Diem’s death and the apparent complicity of President John F. Kennedy in the downfall of Diem to this day still upsets one member of the order, Cyril Toumanoff, a white Russian based in Rome who is the official historian of the Order. As Toumanoff explained to one of this author’s sources, Kennedy felt very uncomfortable with his Catholic connections and was indeed a little ashamed by them. So Kennedy sometimes went out of his way to show his independence from his Catholic roots. Such an attitude by Kennedy (in Toumanoff’s view) was “a mistake.” (It is worth noting that although Joseph P. Kennedy was a leading member of SMOM, neither John, Bobby or Teddy Kennedy are members.)

### **The financial power of the Knights: One case history**

An accurate estimate of the financial power wielded by the Knights of Malta in the United States has not yet been made. Yet it is immense. Some of SMOM’s members who are somewhat known to the public include Robert A. Abplanalp, Peter M. Flanigan, Barron Hilton, Lee Iacocca, James J. Ling, John A. McCone, Spyros Skouras and John A. Volpe. But if there is one corporation which is at the financial center of the Knights of Malta it is W. R. Grace and Company. J. Peter Grace, the head of the company, is also the President of the U.S. section of SMOM. Eight members of SMOM, including the order’s chancellor John D. J. Moore (former U.S. ambassador to Ireland) are members of W.R. Grace’s Board of Directors.<sup>12</sup> Felix Larkin, the Chairman of W.R. Grace, was the General Council to the Department of Defense from 1949-51 and received the DOD’s highest award in 1951, the year he entered W.R. Grace.

J. Peter Grace, however, is right at the center of SMOM/CIA. A director both of Kennecott Copper and one of the heads of both Radio Liberty/Radio Free Europe and the AIFLD, J. Peter Grace is at the heart of rightwing CIA input into both Poland and El Salvador. J. Peter Grace, according to top Nazi hunter Charles Allen, has used his firm to place ex-Nazi technocrats who were brought to the United States via "Operation Paperclip."

In financial circles W.R. Grace maintains close ties with Citibank, and J. Peter Grace is one of Citicorp's directors. Three other Citicorp directors are also on the board of W.R. Grace, including Roger Milliken, from South Carolina. Milliken, a financial angel for Strom Thurmond, is now on the board of Larry McDonald's Western Goals Foundation, which is his own, private intelligence organization.

Most sinister of all however is W.R. Grace's close relationship with the notorious Flick steel group in Germany. The Flick connection dates back at least to the early 1950's. According to the August 20, 1981 *International Herald Tribune* the Flick Group (which is still controlled by the family) has paid \$365 million dollars for a 31% in W.R. Grace. Flick was one of the leading cartels in Nazi Germany. The head of the firm got a short sentence during the Nuremberg trials and promptly went back into business with the family still in control of the firm! In the 50's Freddy Flick was sent to W.R. Grace in New York to "study business". Today the Flicks are back in business funding Nazis. According to the Soviet publication *New Times* (14-81) the Flick and Messerschmitt interests along with Deutsche Shell were exposed by the West German press for their funding of the neo-fascist National Democratic Party. Currently the Flick interests are at the center of the biggest financial scandal in West Germany in years. Three members of the Schmidt government, Economics Minister Otto Lambsdorff, Finance Minister Hans Matthofer and Schmidt chief of staff Manfred Lahnstein are being investigated for taking bribes from the Flick group. The effect of this scandal is to further weaken the German Social Democrats and strengthen the rightwing opposition; many of whom are also known to have economic ties with the Flick group.

The influence of J. Peter Grace has continued to rise in the Reagan Administration. On March 3 President Reagan announced that Grace would head up a special businessman's group to study ways to "cut Government costs."<sup>13</sup> The council will have 30 to 30 leading businessmen on it and already Grace has begun commuting to Washington at least two days a week. Grace has long been a fanatic advocate of "free enterprise." According to Maxwell Newton, the financial editor of the New York Post and a big fan of Grace, J. Peter has "a formidable economics group within his company structure that produces a torrent of damning evidence of the destruction being caused in this country by Big Government."<sup>14</sup>

J. Peter also has a very big group concerned with intelligence. Heading this group is Antonio Navarro a vice-president of Grace and a Cuban exile, Navarro (who went to the same Jesuit school as Castro and later worked with him against Batista) has a book describing his efforts called Tocayo. Tocayo is published by the Buckley controlled Arlington House. Another Grace executive involved in intelligence dirty work is the group's representative in Washington, Francis D. Flanagan. Flanagan was one of the members of the ITT-organized "Ad Hoc Committee on Chile" during the Allende period.<sup>15</sup>

One of the most sinister roles that W.R. Grace has been involved with is the W.R. Grace Foundation's funding of the American Council for the International Promotion of Democracy Under God.<sup>16</sup> This organization is directly tied to Father Felix Morlion's Vatican based "Pro Deo" movement.<sup>17</sup> When one knowledgeable Italian journalist was asked about the "Pro Deo" movement, he replied "If you want to know where the Vatican meets up with the mafia, that's it."<sup>18</sup>

J. Peter Grace is only one member of the Knights of Malta. There are over 1,000 Knights in the U.S. alone. There are many thousands more in Europe and Latin America. About 40 countries acknowledge that the Knights are a sovereign state and the Knights have their own special passport which these countries accept. Strictly speaking the current head of the CIA is in the laws of about 40 nations a member of a whole different state, as well as an American citizen. Isn't this all a bit odd? Isn't it also odd that when the P-2 scandal broke in Italy it was described as a "Masonic scandal" despite the fact that top Vatican financier Michele Sindona and the Ambassador of SMOM to Uruguay, Umberto Ortolani (described in the November 23, 1981 *Journal de Geneve* as the "brains" behind P2) were key men in the scandal. Why wasn't the P-2 affair a "Vatican" scandal as well as a masonic one? It is very well known that a whole section of Italian masonry is also Catholic.

Given the role of SMOM it is simply inadequate to argue (as Penny Lernoux does in her *Cry of the People*) that the Catholic Church is the center of the "progressive" forces in Latin America. It is rather that some sections of the Church are playing that role. But other sections of that same Church are virtually running Reagan policy in Latin America. At the center of this group is the Sovereign Military Order of Malta. Unless SMOM and its networks are exposed these modern-day crusaders will be free to play their confrontational "limited nuclear war" games with the Soviet Union. Since William F. Buckley is sure that should nuclear war come his seat in heaven is already reserved, he may not think like other people when it comes to deciding on a policy of brinkmanship.

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<sup>1</sup> Cited from the book *Catholic Action in Italy: The Sociology of a Sponsored Organization*, Stanford University Press, 1967. pp. 130- 31. Gedda was still head of Catholic Action when he made the statement. On Gedda and his relationship with notorious racist (and SMOM member) Robert Gayre, and on Gedda's 1979 backing of Lyndon La Rouche for president of the United States, see my Parapolitics USA article, "The Importance of Robert Gayre".

<sup>2</sup> As cited in the November 27, 1981 *International Herald Tribune*.

<sup>3</sup> See 2/5/82 *New Statesman* article on Clark entitled "Master of the Double Cross". The article quotes columnist Mary McGrory who described Clark as "a fervent conservative Catholic in the 'traditional' mold."

<sup>4</sup>See Walter's biography *Silent Missions* for his devout Catholic story. One of the high points in Walter's life was when he took his mother to meet with the Pope.

<sup>5</sup>See *New York Times*, March 11 story by Charles Mohr.

<sup>6</sup> See "The Official General Roll of the Grand Magistry" of the Sovereign Military Order of the Knights of St. John of Jerusalem and Malta, 1949. p. 338 for Angleton and p.329 for Gehlen and p. 298 for Gedda. Gehlen's brother is sometimes mentioned in biographies of Gehlen as having the code name "Don Giovanni" and being based in Rome.

<sup>7</sup> Father Walsh was a fanatic anti-communist and a leading American promoter of "geopolitics." After World War II Walsh went to Germany to debrief his old friend Major General Karl Haushofer, the world's best known geopolitician.

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<sup>8</sup> For example in William Stevenson's book *The Bormann Brotherhood* he interviews Gehlen who "droned on" that "Willy Brandt's 'Eastern policy had been plotted secretly at a meeting in Rome between West German socialists and Italian communists." p. 239. In *Silent Missions* Walters also attacks Arthur Schlesinger, Jr. who was sent by Kennedy to Rome in the early 60's (at a time when Walters was attached to the Embassy) to explore an opening to the Italian SP. Walters of course was dead set against it. It is striking how in *Silent Missions* Walters ignores Kennedy, the first Catholic president of America.

<sup>9</sup> Thus for example, despite the fact that Walter Reuther was a "bag man for the CIA" in setting up the German unions Reuther may well have been seen by these people as a "communist". Reuther died in an airplane crash in the late 60's.

<sup>10</sup> In order to understand how this could occur it must be understood that since the late 1940's there has been a rightwing side to the ecumenical movement. In the late 1940's Joseph Rettinger, the founder of the Bilderberg group and the "brains behind Prince Bernhard attempted to push such a rightwing ecumenical line. According to a biography of Rettinger by his personal secretary John Pomian (entitled *Memoirs of an Eminence Grise*) Rettinger was in direct contact with Luigi Gedda who backed Rettinger. In the late 40's however the Vatican was still too fanatically Catholic to go all the way with Rettinger and the talks never came off. In the late 1950's and early 1960's various SMOM agents attempted to bring some extreme rightwing groups calling themselves Knights of Malta, under the hegemony of SMOM. (For a discussion of this see Gayre's book *Knightly Twilight*) As part of this attempt an "ecumenical" order was created under Baron Brancovan, a relative of one of the exile Kings of Yugoslavia. Brancovan's group received the direct support of Prince Bernhard of the Netherlands where Brancovan's group is incorporated.

Another major promoter of rightwing ecumenicism is the Jesuit Avery Dulles, son of John Foster. Long based at Georgetown, Avery was the Vatican man at the recent World Council of Churches meeting in Peru where the Protestants went out of their way to concede to the Catholics a degree of legitimacy over the Catholic claim for the "reality" of bread and wine as the actual body and blood of Christ and not a symbol.

Almost no one has touched Avery Dulles in print. One exception to the rule is the Soviet book *Tracing Martin Bormann* by L. Bezymensky. Bormann was directly sheltered by in notorious Bishop Hudal, one of the leading backers of the Nazis. According to Bezymensky:

(Bormann) met Bishop Hudal in Rome in Via della Pace. Hudal was the guardian not only of Brother Martin (Adolf Martin Bormann to the laity), but also of another monk. Brother Avery, John Foster Dulles's son. Hudal told Bormann he could join Skorzeny and Degrelle in Spain or Eichmann in Argentina. The latter appealed most to Bormann. (pp.93-4)

<sup>11</sup> Besides his reputation as a lawyer to the mafia Cohn has played a leading role in rightwing Jewish organizations. Along with Marvin Liebman Cohn is part of the whole Buckley crew. Buckley and Company have received strong support from the Mossad which is not surprising given the nature of 1) the Begin government and 2) James Angleton's longtime control over the Israel desk at CIA. This crew has merged with the equally nutty rightwing Jewish social-democratic crew at Commentary who now seem to believe that Vietnam was a tremendous "moral victory" for America even though the U.S. lost. Again the Mossad through the Committee for the Free World must bear some responsibility. One key rightwing Mossad man with tight Vatican/South Africa ties is the LA based millionaire Amnon Barnes.

<sup>12</sup> Allegations of W.R. Grace ties to Vatican intelligence are almost as old as the firm itself. In an 1888 article by Peter Hevner (entitled "A One-Sided History of William R. Grace, The Pirate of Peru") author Hevner writes:

"I rather unterrorized the courts, and the government (of Peru) had a chance to breathe a

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little. They saw that the Jesuits had been routed.

“Jesuits?”

“Oh, bless your soul, yes. Didn’t you know that Bill Grace is a high bishop in the Jesuit Order? Why, you people in the U.S. don’t know anything about Bill Grace. Why, he worked the Jesuit racket all over the whole country.... The old firm was Bryce Brothers; then it became Bryce Brothers and Company. Now it is Grace Brothers...(on the Jesuits) Mind you, I say nothing against the Order in itself, or against the Roman Catholic Church - my warmest friends are in that church. I simply say that the devil sometimes assumes a perplexing guise.” Hevner’s allegations are not documented. However it is curious that William Russell Grace could return from his guano mine in Peru (on which the entire Grace fortune was based 1) and run for Mayor of New York and win twice. Only with the go-ahead of the Catholic political machine could this happen. W.R. Grace in fact turned down a run for governor offered him because he felt the governor’s office wasn’t important enough.

The firm that Grace “took over,” Bryce, has a long intelligence history. Ivar Bryce, Ian Fleming’s closest friend, is directly from this family. Bryce (whose bio of Fleming is called *You Only Live Once*) was the only British citizen to be an official member of the OSS. Bryce married an American heiress, got involved with Texas oil and took over the NANA wire. An old Bryce-Fleming intelligence man is Ernest Cuneo.

On the general history of Grace the NACLA report “Amazing Grace” is the best there is although it’s not very good. On the Grace ties abroad one must start by looking at the marriage of the Earl of Donoughmore’s son to the daughter of Michael Grace in 1901. The current Earl of Donoughmore is the head of Irish freemasonry. In the early 1970’s the Earl and his wife were kidnapped for a few days by the IRA and then freed; It is odd that the former U.S. ambassador to Ireland John D. J. Moore is no.2 man in U.S. SMOM as well as a director of W.R. Grace. On the way SMOM keeps business “all in the family” it is worth noting that in 1969 Grace Line was sold to fellow SMOM man Spyros P. Skouras for \$42 million. J. Peter’s dad was also SMOM.

<sup>13</sup> “Grace Chief to Head Federal study Panel,” NYT, 3/4/82.

<sup>14</sup> *New York Post*, 6/1/81.

<sup>15</sup> See Freed and Landis, *Death in Washington* for more on the Committee Penny Lernoux in *Cry of the People* and Freed and Landis that the Allende government was very much aware that former president Eduardo Frei and his advisor the CIA-financed Belgian Jesuit Roger Vekeman were the key figures behind the coup. Any expose of the real role of the Christian Democrats would have caused real trouble especially in Germany where tax money is legally given over to the churches. Thus most of the blame for the coup is dumped on the “CIA” while the Vatican types go on their merry way. Any expose of “the CIA” which does not address the role of groups like SMOM and the right-wing masons is at best dumb and at worst one more con which further heightens paranoia in U.S. intelligence while letting the bad guys off.

<sup>16</sup> See a mention of this organization in the NACLA report on Grace.

<sup>17</sup> Morlion in recent years has developed a certain liberal cover via his friendship with Norman Cousins. For the Dominican priests’ key role in Vatican intelligence in the late 40’s see the Soviet publication “New Times” No. 31, 1948 article “Vatican Apostles of Imperialism” by A. Galin. Galin also discusses Spellman’s role in “Pro Deo.” The Italian branch of SMOM would finance students specially selected from Latin America who would attend the Pro Deo movements University in Rome.

<sup>18</sup> The whole mafia relationship with SMOM is very interesting. The most prominent figure who is

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sometimes suggested to have mafia friends is Frank Sinatra who for many years has been obsessed with joining SMOM.

Note: The historian Garry Wills has one of the best articles written about the Reagan administration to date in the 1/19/82 *Soho News*. In his article (called "A Pope for a President") Wills writes: "The Reagan effort is not so much a counterrevolution as a counter reformation--a return to the full claims of America upon its citizens belief; like the reaction of the papacy when, in the sixteenth century, it called the council of Trent to reassert the Catholic faith against the Protestant Reformation." Wills's whole article (which appeared in an expanded form in *Life* magazine) captures the spirit of the Reagan administration although Wills makes no references to the Knights of Malta. Still his view is splendid and shows a real sensual ability to grasp what these clowns are up too. And why shouldn't Wills have such insights? After all this ex-seminarian began his career at a magazine called *National Review*.

## **Parapolitics/USA**

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### **Special article:**

**Jonathan Marshall, "Brief Notes on the Political Importance of Secret Societies"**

## **NEWS BRIEFS**

### **Italian imbroglio**

Since the P2 affair broke in May 1981, bringing down a government and plunging Italy into one of its most severe political crises since the war, scandals have been emerging with unprecedented frequency. The highlights in 1982 included the Calvi/Ambrosiano case, a follow-up to the Sindona scandal, which once again left the Vatican's finances teetering on the edge of disaster; blockbuster revelations of Bulgarian involvement in the shooting of the Pope; and discovery of an enormous, worldwide guns-for-drugs ring based in northern Italy and Bulgaria.

With few honorable exceptions, the American press has left the public in the dark as to the finer points of each of these cases. In the commentary that follows, I have paid extensive attention to those points aired in Europe but not yet here.

### **The Calvi Case**

In July 1982, the chief lay official of the \$2 billion "Vatican Bank," (IOR), Luigi Mennini, was indicted for fraud in connection with the 1974 collapse of the Banca Privata Italiana. The chief culprit in that fraud was "God's Banker" Michele Sindona, the Sicilian confidant of IOR's American head, Archbishop Paul Marcinkus. Sindona is currently serving a prison sentence for his role in the Franklin National Bank collapse. He is also wanted in Italy for laundering millions of dollars in narcotics profits for the Sicilian mafia.

Sindona's successor as Marcinkus/IOR's confidant was Roberto Calvi, head of Italy's largest private bank, Banco Ambrosiano, and owner of a controlling interest in the Rizzoli group, the powerful Italian publishing house. Like Sindona, he was deeply implicated in the intrigues of fascist manipulator Licio Gelli, grand master of the infamous P2 masonic lodge. And like Sindona, Calvi played fast and loose with Italian banking regulations and with billions of dollars in assets.

Calvi played a key financial role even during Sindona's heyday, purchasing assets at vastly inflated prices that Sindona was unloading for a grateful Vatican. These included shares in La Centrale Finanziaria Generale, a bank and insurance holding company, and in Banca Cattolica del Veneto. Allegedly Calvi was paid high commissions by Sindona to saddle Ambrosiano with the shares.

Sindona's empire collapsed in 1974, taking with it at least \$30 million in Vatican money. By then, however, the Vatican was moving closer to Calvi. In the mid-1970s, IOR allegedly owned 17 percent of Ambrosiano, and Marcinkus headed its Bahamian subsidiary. It was in 1975 the Calvi began the transactions that would eventually bring him down: the "loans" of billions of lire from Ambrosiano to Panamanian shell corporations, which in turn used the money to bolster Ambrosiano shares and those of other subsidiaries. Marcinkus allowed the Vatican to be used in these deals to bolster public confidence and avert scrutiny from Calvi's illegal operations. Finally, in 1981, Calvi went to Marcinkus for a letter--apparently false--asserting that the Vatican itself owned the Panamanian firms. In another letter, Marcinkus

put Vatican credit behind the loans that Ambrosiano was making in Latin America. On the strength of such letters, Calvi was able to borrow large sums while seeking a buyer for Ambrosiano shares that he sought to unload.

Ultimately some \$1.4 billion is unaccounted for, and the Vatican has had in effect to assert sovereign immunity to escape responsibility for the debts that it once offered to cover.

Calvi, meanwhile, felt the pressure of the law closing in. He had already been jailed in 1981 with several colleagues for illegally exporting \$26.4 million in capital from Italy during 1975 and 1976. He had been released pending appeal and was facing a sentence of 4 years in prison and a fine of \$11.7 million. On June 18, 1982, Calvi, having fled Italy for London, was found hanging by the neck under Blackfriar's Bridge in London. British police ruled the death a suicide, but the inquest has recently been reopened.

Such are the briefest outlines of the story. Now for some of the interesting tidbits.

**1. Where did Ambrosiano's Latin American loans go?** Marcinkus admits that a \$250 million loan went through Banco Andino of Lima, Peru (an Ambrosiano subsidiary), which was financing the sale of arms to Catholic Argentina during the Falklands war. (TGM 7-22-82) In this connection, it is significant that "Mr. Gelli is also suspected of being involved in several other illegal activities, including the sale of Exocet missiles to Latin American countries and the August 1980 bombing of the central train station in Bologna, Italy, in which 85 people were killed." When Gelli was arrested in mid-September in Switzerland, authorities there said they froze his accounts of up to \$70 million, money that came from South American subsidiaries of Ambrosiano. (WSJ 9-20-82)

Other money went to finance or purchase right-wing newspapers in Latin America to further the political aims of the Gelli/P2 clique. "The goal was to stop the advance of Castro communism in South America," Sindona himself has said from prison. "Calvi financed newspapers for ideological reasons in Buenos Aires and Montevideo. Money was given to political parties. But money to dictators and generals was sometimes under the table. Calvi feared his trips to South America because the Communists, the Cubans, knew that Calvi with Gelli and (Uruguayan and fellow P2 member, Umberto) Ortolani were building rightist strength in South America." Sindona wanted to finance private development projects to indirectly fight Communism; Gelli and Calvi chose a more direct approach. They simply bought land or companies at grossly inflated prices and kicked the money back to the country's political leaders. Such kickbacks amounted to as much as \$100 million at a time. One recipient may have been Argentina's General Jorge Videla, former head of the military junta, with whom Gelli established close relations. Sindona says he told Calvi to stop wasting his money on newspaper projects with Ortolani, and instead let the Vatican pay for it, but Calvi went ahead. Nonetheless, according to Sindona, Marcinkus did give financial backing to the P2 project. (WSJ 11-23-82; TIME, 9-13-82; NCR 9-17-82; NDAY, 10-6-82)

**2. What role did Sindona play in Calvi's career?** The Sicilian essentially gave Calvi all the right introductions. In 1971 he put Calvi together with Marcinkus, and that year Calvi managed to bring Marcinkus in on his Bahamian banking venture. Sindona says he also introduced Calvi to Gelli. "Calvi was Catholic, but Gelli said he had a relationship with some

cardinals (who made it) very clear the church was not against it. Gelli told Calvi he was free to be Catholic--(that masonry) does not interfere with religion.” (NCR 9-17-82) Gelli allegedly arranged protection for Calvi during the Bank of Italy’s investigation of Ambrosiano in 1979. (ST 2-13-83)

**3. How did Calvi die?** The verdict, murder or suicide, is still out, but a British court has cleared the way to reopening the inquest, at the request of the Calvi family. (AP, 1-13-83) What is known of Calvi’s flight, however, points to a man deeply dependent on the underworld for support--and for his life.

In the months before he fled Italy, Calvi began relying to an ever-greater degree on Flavio CARBONI, a Sardinian building contractor. Carboni’s right hand man, Emilio PELLICANI, has given investigators a wealth of evidence about his boss and about Calvi’s last days.

Flavio Carboni was arrested in Switzerland and extradited on October 30 back to Italy. He has remained silent, yet already much is known about his ties to politicians, secret services, P2 (to which he probably belonged - see REPU, 11-11-82), and the underworld. Also the far right: Carboni’s company Sofint employed one Pietro CITTI, a neo-fascist ally of Stefano DELLE CHIAIE and suspect in the 1976 murder of Judge Occorsio. Citti rented the Rome apartment where the Armed Revolutionary Nuclei was founded. (EURO, 11-1-82)

Carboni had had some financial reverses during the early 1970s and borrowed heavily from Domenico BALDUCCI, a Roman loan shark with a long police record. Balducci charged 10% a month, and Carboni paid him with cash, gems, or bonds of doubtful origin. Carboni also raised money from another member of the Roman underworld, Ernesto DIOTALLEVI.

Balducci was Roman representative of the worldwide drug trafficking syndicate of Gerlando Alberti, Sicilian mafia boss. Balducci was sought by police at the end of 1978 for laundering dirty money from drugs and kidnappings through Sindona’s Amincor Bank in Switzerland. He was assassinated in Rome on 16 October 1981. Balducci and Diotallevi were both business associates of Roman underworld boss Danilo ABBRUCIATI, who died while trying to kill Ambrosiano vice president Roberto Rosone. Abbruciati was a former member of the Berenguer/Bergamelli gang, on which see my discussion in “The Business of Terrorism,” PP/USA/6. (CDS 12-31-82)

In effect, Carboni’s position was saved when Calvi came through with a multi-billion lire loan, of which Carboni had to kick back L 1.2 billion for Calvi’s personal use (including political payoffs). In return, Carboni mobilized his political contacts on behalf of Calvi, who was fighting his conviction for illegal money export. Unfortunately for Carboni, it was the 20 billion lire that Calvi transferred to Carboni’s Swiss bank account that did the Sardinian in; he was arrested for complicity in the Ambrosiano bankruptcy. (PANO 12-13-82; Guardian (London) 12-6-82)

Calvi’s exit from Italy began with a trip to Trieste on June 11; Carboni ordered his sidekick Pellicani to accompany the banker. There, on Carboni’s orders, they met Silvano Vittor, a smuggler known to Carboni (their lovers were sisters). Meanwhile, Carboni arranged for Calvi to pick up in Trieste a fake passport in the name of Calvini; the passport had been acquired by the Roman mobster Ernesto Diotallevi for 100 million lire, and was flown to Trieste on

Carboni's personal plane, where Pellicani picked it up. (CDS 12-31-82; "Un `ni' da 100 milioni," PANO, n.d., ca. December 1982)

From Trieste, Calvi was smuggled into Austria where he hid with the Kleinszig sisters, lovers of Carboni and Vittor. From there Calvi moved on to Switzerland, where he was helped by Hans Kunz, described in the recent PBS Frontlines program on Calvi (2-14-83) as a "Swiss businessman."

Actually, Kunz and his brother Albert, were associates of Diotallevi, the mobster, and business partners of Carl Kofler, a notorious drug trafficker murdered in prison. The Kunz brothers, Kofler, and Balducci were all part of the enormous "guns for drugs" ring busted late in 1982, on which more later. (CDS 12-5-82) Hans Kunz chartered the plane that flew Calvi to London, as a favor to Carboni.

It was also Kunz who chartered a small plane from Geneva to Gatwick airport on June 18, the day Calvi was found dead under Blackfriar's Bridge. The plane spent 99 minutes on the ground. It arrived without luggage and left with a medium-sized suitcase. Italian police suspect that it contained the secret dossiers that Calvi kept with him at all times for protection--papers of explosive political and financial import. (ST 11-14-82; PANO 10-18-82)

**4. How had Calvi tried to salvage the situation before he died?** Essentially, he had been looking for a buyer of Ambrosiano shares to take the pressure off all the Latin American loans that were coming due. One of those buyers, according to Calvi family members, was Opus Dei, the conservative lay Catholic order founded in Spain. Calvi's daughter says, confirming a story told independently by her brother, "My father told me that in order to resolve the problem of his connections with the IOR, they had put forth and carried forward a project that foresaw the direct intervention of Opus Dei, the organization that was to distribute an enormous sum, greater than a thousand billion lira, to hide the debt exposure of the IOR in the Ambrosiano case. My father said that he had spoken directly with the Pope who had assured his support and consent; he added that in the Vatican there were rival factions who opposed the project that, taken to completion, would have created a new equilibrium in the Vatican, i.e., after Opus Dei had acquired control of IOR and therefore a position of great relevance to the inner Vatican." (PANO, 1-10-83) In this connection it should be noted that Pope John Paul II, a great admirer of Opus Dei, ordered it recognized as a "personal prelature" on August 5, 1982, a status recognized by the Sacred Congregation for Bishops on November 27. (NCR 12-10-82) (For more on Opus Dei see "The Political Importance of Secret Societies," by Jonathan Marshall, in this newsletter). It is further noteworthy that Sindona was another admirer of Opus Dei, and introduced Continental Illinois and Hambros Bank to Opus Dei bankers in Spain. (NCR 9-24-82)

Calvi went elsewhere for buyers as well, including members of P2; and to a consortium consisting of the Vatican, Ente Nazionale Idrocarburi (ENI - the state energy agency), and industrialist Carlo Pesenti. (NSWK, 9-13-82)

Shortly before Calvi's death, a business associate and "consultant", Francesco Pazienza, says he found a buyer for 12% of Ambrosiano stock. The consortium, willing to pay \$1.2 billion, was American, Iranian, and Saudi. Says Pazienza: "My partner was Robert Armao,

former head of protocol for the shah Reza Pahlevi, for 13 years a close collaborator of Rockefeller." Pazienza has been accused of involvement with P2, the CIA, and the Italian secret services, all of which he denies. (L'Espresso, 12-12-82) (For more on Pazienza, the CIA, and Michael Ledeen, see "The Ledeen Connection," *In These Times*, 9-8-82.)

**5. Was Marcinkus implicated in a mafia conspiracy to peddle hundreds of millions of dollars' worth of phony bonds through the Vatican?** That allegation aired in a recent book by Richard Hammer, "The Vatican Connection," published by Holt, Rinehart and Winston. But the book's Vatican sections - which make up only the last third of the text - have been subjected to withering analysis by expert reviewers. See WSJ 10-8-82; WP 11-7-82; and NCR 12-17-82.

**6. What was Father Zorza's role?** Carlo Calvi, Roberto's son, claims that Francesco Pazienza (who Calvi claims was a CIA agent giving orders to Marcinkus) summoned him in June 1981 to meet Monsignor Giovanni Cheli, the Vatican's observer at the UN. First they went to a Manhattan apartment where a "famous Mafioso", unnamed but linked with Sindona and Gelli, and a priest later arrested for smuggling works of art into the US, awaited Calvi. Together they went to Cheli's office at the UN where Cheli gave Calvi the same advice Marcinkus had: Don't rock the boat, "continue to trust in Providence." (At this point, Carlo claims, his father chose not to follow that advice, and against Marcinkus's wishes, he tried to line up Opus Dei to bail out Ambrosiano). (NCR 12-17-82)

The priest later arrested for art smuggling must be the Rev. Lorenzo Zorza, an attaché on Cheli's UN staff. Zorza was arrested March 2, 1982, at which point Cheli announced that Zorza had been relieved of his official duties. Three other men were arrested, two businessmen from Yonkers, Vincent Del Peschio and Achilles Renzullo, and an Italian art restorer. Zorza helped smuggle art works stolen in Italy and brought to the US. (NYT 3-3-82; SFC 11-27-82)

In summary: the Calvi case has brought worldwide discredit on the Vatican, which now shuns its financial obligation behind a veil of secrecy and immunity; has stopped cold the ascent of Archbishop Marcinkus in the Vatican hierarchy; has shaken the highest levels of Italian finance and major European creditors; and has exposed a network of right wing and underworld manipulators at the apex of power in Italy.

### **The shooting of the Pope**

By now millions of words must have been written on this case, which took a dramatic turn last year when the Pope's would-be assassin, Mehmet Ali Agca, decided to talk to Italian authorities. Much, but not all, of the present case rests on his (doubtful) word. Yet if he can be believed, the plot was hatched by the Bulgarian secret service, presumably acting on behalf of the KGB itself, working through a network of underworld and right-wing Turks.

Italian Defense Minister Lelio Lagorio has charged that "firm evidence" links the plot to Bulgaria and has called the plot a "true act of war in a time of peace, a precautionary and alternative solution to the invasion of Poland." Justice Minister Clelio Darida confirmed that three Bulgarians had been implicated in the plot. (SJN 12-20-82; SJM 12-21-82)

Why would Bulgaria, or the Soviet Union, attempt such an act? They had a clear motive--to stop a Pope who had thrown his considerable moral and political weight behind Solidarity in Poland and who was channeling tens of millions of dollars in Church funds into Solidarity through a German bank (Bank fur Gemeinwirtschaft). (Carboni allegedly taped Calvi saying that Marcinkus had used Ambrosiano as one of the Vatican conduits to Solidarity.) This may not seem like an adequate motive for such a desperate act, but Bulgaria may have acted under broader orders to "neutralize" the Pope and the Vatican generally as a threat to the Communist Party in Poland. Certainly Bulgaria was deeply active in anti-Solidarity activities in Italy, through a leader of the Socialist Party dominated union UIL, Luigi Scricciolo. Scricciolo spied on Lech Walesa for the Bulgarians and served as a liaison between the Red Brigades and the Bulgarians during the Dozier kidnapping. Scricciolo's cousin Loris belonged to the Rome "column" of the Red Brigades. (EXPR, 12-24-82) Luigi's Bulgarian contacts were allegedly the same as those Agca picked out from a group of photographs as his own controls in the Pope plot. Scricciolo has admitted that his Bulgarian control asked him to arrange for Walesa's assassination during the Polish labor leader's visit to Italy in January 1982, a mission Agca also says he was asked to perform.

According to the *Rome Daily American* (a paper with past links to the CIA and Sindona), two Romanian banking officials have revealed that Romanian president Nicolae Ceausescu was informed by his diplomats in Sofia of a planned attempt against the pope's life. Ceausescu allegedly cabled his concern to Bulgarian chief of state Todor Zhivkov, who denied knowing of such a plot. (HC, 1-8-83)

Bulgaria has shown itself willing to carry out "wet jobs." Besides their assassination of the defector Georgi Markov in London in 1978, other attempts were made on the lives of defectors in Europe around the same time, e.g. Vladimir Kostov and Vladimir Simeonov. (NYT news service, 12-30-82) Bulgaria has also been implicated in terrorist operations against the West, besides its liaison with the Red Brigades; a Turkish hijacker and member of the outlawed Communist Party for the Liberation of Turkey, Haci Ozdemir, recently confessed to being a paid Bulgarian agent from 1973 to 1982. (NYT 1-12-83) Turkish police are convinced that Bulgaria for years supplied arms to terrorist groups on the left through the Turkish mafia. (*London Observer*, 12-19-82)

The key Bulgarian implicated by Agca, Sergei Ivanov Antonov, head of the Rome office of Balkan Tourist, allegedly "has been known to the French security police for several years in connection with terrorist activities in Italy and France." (*The Province* (Vancouver), 11-28-82) He is also believed to have worked in Turkey in 1977 representing the Bulgarian state firm Kintex, notorious for its involvement in guns and drug trafficking. (ESPR, 12-19-82)

Finally, if news reports are accurate, Agca was carrying the phone numbers of some of his Bulgarian contacts when he was arrested, and he was able to describe in detail the layout of the apartment of one of these contacts. This evidence, and the Bulgarians' evident unwillingness to aid the investigation, suggests that they are indeed guilty - of something.

The CIA has apparently concluded that the Bulgarians almost certainly were employing Agca on some mission, not necessarily the Pope plot, however. My own view is that they could

have been employing him for little else, since he was an internationally wanted assassin (in the Ipekci case) who had publicly threatened the life of the Pope in Italy in 1979. Because Agca was associated publicly with the fascist Gray Wolves, and because he had already threatened the Pope, he was an ideal choice for the job - and no other.

This scenario has one drawback: It is favored by Claire Sterling, Robert Moss, Richard Pipes, and others of similar ilk. That doesn't make it wrong. To assume the East bloc is incapable of this sort of thing is to willfully ignore mounting evidence. The proof already exists that Bulgaria instigated subversion and international crime on a massive scale; under such circumstances, its involvement in the Pope plot is not hard to accept.

What makes the case especially interesting, however, are the connections between Bulgaria, the right-wing Gray Wolves, and international smuggling networks. It appears that Agca was a functionary of Bulgarian-connected Turkish underworld figures, who used Sofia as a base from which to conduct gun and drug traffics throughout Europe and the Middle East.

The Turkish Gray Wolves, and the right-wing National Salvation Party, have long been linked to drug trafficking. On August 14, 1978, West German police arrested Halit Kahraman, an NSP member of parliament, with 3.6 kilos of heroin. One of his drug contacts was former deputy prime minister and NSP chief Necemettin Erbakan. (*Organized Crime Review*, October 1980) A former member, interviewed in West Germany in 1980, revealed that the Gray Wolves (MHP in Turkish), were a conduit for guns and drugs. "One of the MHP's greatest sources of funds is in drug smuggling. Heroin and hashish are smuggled out of Turkey into Europe and the MHP even markets much of the drugs on the streets in Europe itself. The profits go to buying guns in Turkey." (Newsfront International, November 1980). These revelations, of course, long predated the recent exposure of the Turkish-based guns for drugs network.

The man who allegedly supplied Agca with the gun he used to shoot the Pope, Omer Bagci, belonged to the Gray Wolves. (SJM 10-6-82) A Turk recently extradited from West Germany to Italy, Musar Cedar Celebi, is suspected of supplying Agca with cash at a meeting in Palma de Mallorca (or, by another account, in Zurich). Celebi was former president of the Frankfurt "Turkish Federation," a right-wing extremist organization. (SJM 1-4-83; NYT 1-26-83) Agca himself was an associate of the Gray Wolves' Idealist Clubs in Turkey, one of whose members supplied the gun he supposedly used in shooting the liberal newspaper editor Abdi Ipekci. (NYT 5-25-81) Turkish authorities now believe that Agca did not commit this assassination, although he took credit for it. The real culprit was almost certainly the fascist terrorist Oral Celik, who arranged Agca's subsequent escape from prison. Celik also purchased the 9mm gun that Omer Bagci turned over to Agca to shoot the pope (AR, 1-30-83; NSWK, 1-3-83). And strong circumstantial evidence indicates that the motive for the Ipekci murder was not political; the aim was rather to prevent the editor from publishing a series of explosive articles on Turkish gangsters, presumably those related to Celenk and Ugurlu, on whom see below (*London Observer*, 1-2-83), And while staying in West Germany, Agca allegedly murdered two former Gray Wolves members, Halil Tireli and Necati Uygur. (*Searchlight*, July 1981; MH 7-23-81).

The CIA presumably knows much about Agca's relations with the Gray Wolves because it infiltrated an agent into that organization, one Ruzi Nazar, a Turkish defector from the Soviet army recruited by the CIA after World War II. Nazar was influential in MHP-linked Turkish student groups in West Germany. (AR 1-30-83)

But ideology seems to provide no reliable guide to this case. Celik got Agca's gun, for example, from the Austrian Horst Grillmeier, son of a known Nazi but reportedly a "frequent visitor" to Syria, Libya, and Bulgaria. (NBC, 9-21-82; *Reader's Digest*, September 1982) In January of this year, Grillmeier was arrested in Austria for smuggling weapons from Czechoslovakia. The case, which points to official Czech complicity, involves 300 pistols and 7 semi-automatic sniper rifles equipped with sophisticated night vision scopes. (SFC 1-15-83) A spokesman for the Austrian interior ministry said, "Our police are now working on the theory that the guns were brought in from the Soviet bloc for an assassination attempt on the Pope," who is due to visit in September. (*Star*, 2-22-83) On the other hand, another report out of Vienna insists that the sniper rifles had been ordered by a Munich-based arms collectors' association fronting for the West German intelligence agency, BND. (LT 2-11-83) So the Grillmeier connection remains more mysterious than ever.

Moreover, Turkish police now think that Agca was not in fact a member of the Gray Wolves, and that the organization was not behind the plot to kill the pope. Instead, the chief Turkish suspects are now Bekir Celenk, a 49-year-old businessman now under benign house arrest in Bulgaria (where he denied at a press conference having dealt with Agca), and Abuzer Ugurlu, currently on trial in Turkey on charges of bribing cabinet ministers and smuggling guns and drugs. Ugurlu allegedly maintained a handsome villa in Sofia and both men travelled on Bulgarian passports when it suited them. They are both known heads of the Turkish underworld, kingpins of the guns and drugs network. Celenk stands accused by Agca of making the offer of \$1.2 million (3 million German marks) to Agca to kill the pope (WSJ 12-20-82; ECON 12-25-82); according to the highly knowledgeable Turkish journalist Ugur Mumcu, Agca had previously been one of Celenk's retinue of hit men (CDS 12-23-82). And Turkish officials believe that Ugurlu met Agca in Sofia and supplied him with money before the shooting. (*London Observer*, 12-19-82)

Narcotics agencies in many countries, including the United States, have listed Celenk for more than a decade as a major suspect in heroin and morphine trafficking. He is now wanted by another Italian magistrate, Carlo Palermo of Trento, on suspicion of guns and drug smuggling, and by Turkish authorities for illegal arms and foreign currency dealings. As long as he stays in Bulgaria, however, he remains untouchable. The *New York Times* notes, "His ships, which fly the Panamanian flag of convenience, have been leased to a company owned by a fellow Turk, now resident in Los Angeles. That company has links with Henri Arsan, a Syrian recently arrested in Milan who is believed to be head of a major arms and narcotics smuggling ring." (NYT 1-26-83)

Henri Arsan, 70, was owner of a Milan-based import-export company called Stibam International. His arrest, along with more than 240 other indictments, broke the back of what Italian magistrates called "the biggest arms dealing network in the world." Arsan and associates smuggled arms to Turkey and the Middle East--enough to equip an army,

including Leopard tanks and Cobra helicopters--in exchange for consignment of hard drugs to be distributed throughout Europe and the United States. Stibam was headquartered in a building owned by Banco Ambrosiano and did much of its business through that bank. Just below Stibam's offices was the flat of Ambrosiano vice president Roberto Rosone, who was shot (but not killed) on April 27, 1982 in an ambush. (Either Calvi or Carboni may have been trying to silence Rosone. Rosone has testified that the Vatican owned 16% of Ambrosiano, not 1.6% as it now claims. See *Guardian*, 11-26-82) The assailant, Danilo Abbruciati, was, as noted above, killed in the act by a security guard. (*Financial Times*, 11-26-82)

Abbruciati and fellow Carboni associates Diotallevi and Balducci were all deeply implicated in underworld activities and in the international guns-for-drugs trade. Balducci, in particular, was a business partner of Carboni and Rome representative of Sicilian drug boss Gerlando Alberti, Arsan's main heroin contact. Alberti in turn had ties to Salah Aldin Wakkas, who represented Turkish mafia families in Milan. Wakkas routed Mideast morphine base to Alberti.

Other business contacts of Wakkas and Arsan included the Kunz brothers of Switzerland, contacts of Calvi and Carboni who allegedly directed a load of US arms to Iran on behalf of Israel; Herbert Oberhofer, a longtime informant of the Guardia di Finanza; and Karl Kofler, whose revelations helped magistrate Carlo Palermo round up the Arsan ring. On March 7, 1981 he was found dead in his cell in Trento, an apparent suicide by throat slitting--until police discovered that his heart had been pierced by an extremely fine needle. (CDS 12-31-82)

Another Italian associate of the ring was Gerlando Alberti contact Salvatore Panzera, in whose home authorities found large sums of Bulgarian currency. Italian police believe that Agca visited Panzera during a trip to Sicily six months before the shooting in St. Peter's Square. (CSM 12-15-82; CDS 12-5-82)

Turkish contacts of the ring include Bekir Celenk and Abuzer Ugurlu. Judge Palermo issued a warrant for Celenk's arrest on drugs charges in late December. (SJM 12-23-82)

Italian Justice Minister Clelio Darida announced at the same time that Bulgaria was a "principal contact point" in the guns for drugs traffic. Morphine produced in northern Turkey would be trucked through Bulgaria with official sanction, *en route* to Italy for final processing; in return, Bulgaria sanctioned or encouraged the transshipment of arms to Turkey and points east. Smugglers openly did business at the Hotel Japan, the Cafe Berlin, and the Hotel Vitoshka in Sofia, where Agca and Celenk roomed in 1980 (PANO, 12-13-82).

Bulgaria's role in such traffics has long been noted. Newsday's *The Heroin Trail*, published in 1974, gave prominence to it. Referring to two Turkish smugglers, it noted, "Their ability to live in and operate out of Bulgaria, a maximum-security Communist country, has aroused some suspicion on the part of the Turkish police. The Turks suspect that they are able to move so freely because they are feeding espionage information to the Bulgarian secret police." The book also highlighted the role of KINTEX, a Bulgarian state firm that oversees drug and arms smuggling. According to one Turkish smuggler, "If you've got the right connection with that

agency, you can pass morphine base through Bulgaria without the slightest ripple.” Recall that Agca’s alleged control agent Antonov was a KINTEX agent in Turkey.

KINTEX was exposed as a major source of arms for Turkish terrorists when a huge boatload of weapons from the Bulgarian port of Burgaz was stopped and inspected in the straits of Istanbul. Customs authorities found the arms disguised as a shipment of spare parts for machines. (CDS 1-7-83)

And Jack Anderson quoted from a CIA document in his April 28, 1972 column to the effect that “Bulgaria is the new center for directing narcotics and arms trafficking between Western Europe and the Near East.”

Bulgaria’s motive may have been simultaneously to raise scarce foreign exchange and to destabilize NATO and Mideast allies of the United States. “Israeli intelligence officials assert that 80 percent of the huge hoard of weapons and ammunition that its army captured from the Palestine Liberation Organization in Lebanon reached there from the Bulgarian port of Varna.” (NYT 1-28-83)

In the same vein, “80 percent of the heroin that reaches West Germany is brought here by Turkish or Palestinian or Lebanese couriers, much of it on Turkish trucks that cross Bulgaria. In view of the tight control that Sofia exercises over everything that happens within its borders, the officials conclude that this trade has Bulgarian approval or, at least, tolerance. The officials said that they had confirmed that since the departure of the Palestine Liberation Organization from Beirut, significant numbers of its guerrillas have been based in Bulgaria. The organization’s links to West German terrorist groups, as well as the Palestinian role in arms and narcotics traffic, are viewed as reasons for special surveillance of movements from Bulgaria.” (NYT 12-12-82)

There were several American connections to the Arsan network. One was an arms dealer named Garth Reynolds, who operated out of a Regent Street office in London. Reynolds offered clients Cobra helicopter gunships, fully armed with rockets and guns; anti-tank guns, incendiary rockets, and mortar shells; and Soviet-made RPG-7 rocket launchers. He was arrested in Los Angeles in 1980 on currency charges, but disappeared. “He has since been linked to . . . Henri Arsan.” Some of the arms peddled by Arsan and Reynolds apparently ended up with the Red Brigades, the Basque ETA, and the IRA (ST 12-5-82).

More sinister is the report that on 5 August 1973 an American BNDD agent, Thomas Angioletti, made contact with Arsan. A document from the Italian Ministry of Interior says, “From that moment Arsan collaborated with our offices in Rome and Milan from which he obtained various permits with the help of the agent . . . to obtain 100 kilos of morphine base from (two Turkish traffickers)” (CDS 12-16-82; cf. EXPR, 12-24-82).

As noted, Arsan had business dealings with the Red Brigades (cf. LAT 12-23-82) We have also seen how close the Carboni-Gelli axis was to the Italian wing of the guns-for-drugs network. These facts take on special resonance when details are recalled of the notorious Auriol massacre in southern France. According to the CP newspaper *La Marseillaise*, the murder of Jacques Massie and his family was motivated by the former Service d’Action Civique chief’s involvement in P2-sanctioned gun running from Turkey to Italy. The destination of the arms:

the Red Brigades. (PANO 8-10-81) Adding to this mystery is the fact that Gelli did much of his business with the East Bloc, particularly Romania--and Bulgaria. (CDS 12-23-82)

### **Klaus Barbie and the Italian connection**

One Italian whose name surfaced recently as a Mideast gun dealer is Stefano Delle Chiaie, who allegedly channeled Western arms to Iran during the reign of President Bani Sadr (ME 11-82). Delle Chiaie is also Italy's most wanted neofascist terrorist, linked to the 1970 Borghese coup plot; the founding of the terrorist Avanguardia nazionale; the murder of Judge Occorsio, and numerous other outrages. He was a key contact of the international mercenary combine Aginter-Press, based in Lisbon; of Waffen-SS remnants; of fascist elements of the Italian secret services; of Jonas Savimbi's Angolan guerrilla force; and of several foreign intelligence agencies. (F. Laurent, *L'Orchestre Noir*, 1978)

Prominent among these foreign agencies was the Chilean DINA. With Valerio Borghese, the "Black Prince," Delle Chiaie travelled from his base in Spain to Chile in the mid-1970s, where he was personally received by General Pinochet (Laurent, 312). Delle Chiaie became DINA's most enthusiastic intelligence contact in Europe. It was Delle Chiaie who suggested to DINA agent Michael Vernon Townley, later the mastermind of the Letelier assassination, that Chilean exile Bernardo Leighton be killed. And it was Delle Chiaie's men who did the job, although the Cuban Nationalist Movement took the credit. Later, DINA chief Manuel Contreras enlisted Delle Chiaie "to undertake sensitive espionage assignments against Peru and Argentina." (Taylor Branch and Eugene Propper, *Labyrinth*, 305-314).

From his base in Argentina, Delle Chiaie ran a sort of international fascist clearing house, arranging contact, for example, between DINA and Albert Spaggiari, veteran OAS assassin and mastermind of the Nice bank robbery (on whom see J. Marshall, "The Business of Terrorism," PP/USA/6): "In August 1976, (Townley) flies to Buenos Aires to meet with some of (Delle Chiaie's) men there, who fill him in on the details of (Spaggiari's) historic bank robbery in Nice. The Italians say that (Spaggiari) is looking for a temporary country of refuge, and (Townley) replies that he could easily make the arrangements in Chile" (*Labyrinth*, 323). Delle Chiaie also enjoyed close relations with the Argentine military intelligence agency SIDE, and the neo-Nazi Milicia. Townley's Argentine visit probably was connected with the kidnapping two days previously of two Cuban diplomats in Buenos Aires by SIDE agents (John Dinges and Saul Landau, *Assassination on Embassy Row*, 1980)

In September 1982, the Italian magistrate Aldo Gentile issued arrest warrants for Delle Chiaie and four other men in connection with the August 2, 1980 Bologna train station massacre that killed 85 people. Delle Chiaie was fingered by the neofascist P2 member Elio Ciolini, who told Italian authorities from his Swiss prison cell that the outrage had been planned on April 11, 1980 at a meeting of the Monte Carlo branch of P2, attended by Licio Gelli himself (Il Progresso (NY), 9-12-82; it should be noted that Ciolini has been accused of inventing these accusations and of having a long history of being an imposter. See POIN 10-18-82) Delle Chiaie's role as Gelli's enforcer makes sense in view of their common affinity for Argentina, where Gelli cultivated such personalities as Jose Lopez Rega, the cocaine-smuggling Minister of Social Welfare who founded the Argentine Anticommunist Alliance, a death squad that

worked closely with the Milicia. Gelli was carrying an Argentine diplomatic passport, issued by Isabel Peron in 1974, when Swiss police arrested him in September 1982 (LT 9-15-82; NYT 10-3-82). It is significant that two Argentine journalists were recently threatened with death for reporting on 26 prominent government officials and military officers who belonged to the P2 lodge (NYT 10-3-82; SFE 10-31-82).

The other men identified by Ciolini and sought for their roles in the Bologna massacre included Pierluigi Pagliai and a German nazi, Joachim Fiebelkorn, who were partners of Delle Chiaie in a sordid venture in Bolivia. With assistance from Argentina, Delle Chiaie and his associates helped organize the military coup that brought General Garcia Meza and his cocaine-smuggling allies to power. Delle Chiaie allegedly sent Fiebelkorn back to Italy in the summer of 1980 to help plant the bomb in the Bologna station (PANO 9-27-82).

In Bolivia, Delle Chiaie's group went to work for the Nazi exile Klaus Barbie, the "Butcher of Lyon" who has twice been sentenced to death in France for murdering 11,000 Jews and other Frenchmen, including Resistance leader Jean Moulin. After the war, Barbie escaped trial for war crimes through the intervention of US military intelligence, which paid Barbie a large salary (\$1,700 a month) for information (Sacramento Union, 2-13-83; LT 2-12-83; SJM 2-6-83; SJM 2-13-83). Allowed by the Americans to escape with Red Cross papers to Bolivia, Barbie reportedly remained in the service of the CIA and the West German BND (WP 2-16-83). In Bolivia, Barbie, alias Altmann, became a prosperous businessman and close associate of former SS Col. Frederick Schwend, a leader in the Nazi escape organization Odessa. Ladislav Farago notes that under the leadership of Schwend and Barbie, naziism in Latin America "became a front for drug pushing, a cover for gunrunning, and a facade behind which Schwend and Altmann could conduct their big illicit currency speculations . . ." (*Aftermath*, 404; cf. TGM 2-7-83)

Altmann was a close friend and ally of General Hugo Banzer, a rightwing cocaine trafficker; after the coup (for which he supplied much of the muscle, in conjunction with Delle Chiaie, Pagliai, and other fascists) he joined up with the Garcia Meza regime and supervised "interrogations" for the cocaine trafficking Interior Minister Luis Arce Gomez and his death squad, the Servicio Especial de Seguridad (SES). Pagliai was employed by the National Anti-Drug Trafficking Council, which "advised, helped and materially aided the great international delinquent and, on the orders of the Garcia Meza regime had the shameless mission of torturing, breaking down and eliminating Bolivian citizens," according to the new Interior Minister (LAWR 10-22-82). In the same Arce Gomez entourage was a group of German neofascists close to Delle Chiaie and headed by Fiebelkorn. They had come to Bolivia in 1978, where they were sponsored by the Santa Cruz military official Jose Abraham Batista, a key cocaine trafficker until his assassination in October 1980. The nazis exported cocaine to the United States and Europe in return for money and arms (ex-SS officer Hans Stellfeld imported arms from the US; Barbie light tanks from Austria) (*Tropic*, 1-2-83; NSWK 6-8-81; NYT 10-17-82). Besides training SES thugs, Fiebelkorn's men also protected the world's premier cocaine smuggler, Roberto Suarez, who paid them \$5,000 a month for their services (PANO 9-27-82). One of their drug outlets seems to have been former French Connection kingpin Tomasso Buscetta, back again in Brazil since 1980 (CDS 12-30-82).

After the collapse of the military regime, the fascists scattered. Most of the Germans fled into Brazil, where federal police captured seven of them holding 6 pounds of cocaine, assorted weapons, and nazi literature. Fiebelkorn, however, escaped arrest and is presumed to have made his way to Paraguay (NSWK 6-8-81). Pagliai was critically wounded during his arrest in Bolivia in October 1982. Delle Chiaie escaped via Argentina to Peru, where he told an interviewer how he came to take part in the 1980 coup: "In the context of an international action initiated many years ago, Bolivian comrades asked us in 1980 to directly support the revolution that brought the military to power. And thus, as in Costa Rica, Spain, Angola, Portugal, Chile, El Salvador, and Argentina, our organization was present. Not as mercenaries but as political militants who knew how to command respect and esteem" (ESPR 12-26-82). Fifteen other members of their paramilitary squad were arrested and charged with participating in 10 political murders in Bolivia (PTT 2-25-83). Col. Arce ended up in Argentina as military attaché (NSWK 10-25-82).

Whatever the ultimate meaning of all these affairs, the key to understanding them must lie in recognizing the connectedness, integration, and worldwide extension of the "parafascist" milieu, as Peter Dale Scott calls it. The media reports each of these affairs as separate incidents or scandals; they are instead parts of a much larger organism.

More specific conclusions must be tentative; there is at once too much and too little information. At a minimum, however, it is obvious that terrorists of both left and right have had ample dealings with intelligence agencies of both east and west; that terrorism does not correspond to simple ideologies; that crime syndicates are prime targets of state penetration and subversion; and, as discussed in "The Business of Terrorism," PP/USA/6, extremist movements often degenerate into criminal bands. That an international criminal-political milieu, spanning the political spectrum from Licio Gelli to the Red Brigades and the geographical distance from the United States to southern Asia (and beyond), could flourish for so long is clear testimony to the fact that governments found it in their interest to keep it going. What remains to be seen is whether the Italian and Bolivian crackdowns will put this network out of business (unlikely) or merely set back its operations. Ultimately, a milieu of this sort depends less on the fate of individual personalities than on the structural conditions that give it birth.

## **Organized Crime and Gambling**

### **Teamsters**

Aside from the long-awaited death of Meyer Lansky (NYT 1-16-83), the conviction of Teamster president Roy Williams and Central States Pension Fund insurance agent Allen Dorfman (on whose career see Steven Brill, *The Teamsters*), followed by Dorfman's gangland murder, dominated crime news around the year's end. The Teamster case grew out of a federal investigation called Pendorf, supported by wiretaps, of an alleged Dorfman attempt to take over a Las Vegas casino. Investigators instead stumbled across a conspiracy to bribe Sen. Cannon, then chairman of the Commerce Committee, by arranging a sweetheart land deal. Cannon himself was not charged.

During the sentencing hearings, retired FBI agent William Quinn related that a former Kansas City Teamster official, Floyd Hayes, had told the government in 1963 of Williams that “any major decisions regarding the union, he would clear with Nick Civella,” head of the Kansas City mob. Hayes also informed on Williams’ successful plot to wound a dissident union member in 1959, to warn him off. Hayes was himself murdered in 1964 (SJM 2-18-83; WSJ 2-3-83).

The wiretap transcripts revealed at the trial are particularly interesting. In one, Dorfman says of Sen. Cannon, “I keep going to him for favors. He keeps performing, and we keep delivering him (expletive deleted) (NYT 12-16-82). In another, Chicago enforcer Joseph Lombardo (convicted in the Teamster case) threatens Dunes casino owner Morris Shenker that he must pay up to the Chicago mob: “I’m just telling you, if they come back and tell me to give you a message and if you want to defy it, I assure you that you will never reach 73.” Lombardo continued, referring to Dorfman: “Allen is meek and Allen is harmless. But the people behind him are not meek and harmless. Do you know what I mean? . . . If he’s got something coming, they got a piece of him and they’re going to fight to get it” (WSJ 1-25-83). Lombardo has since been accused by a mafia witness of having “pulled the trigger” in the 1973 shooting of Richard Cain, a corrupt former Cook County sheriff’s investigator who ended up in the employ of Chicago crime boss Sam Giancana (and whose role in CIA/anti-Castro operations was aired by the House Select Committee on Assassinations) (NYT 2-10-83).

Dorfman, who was free on \$5 million bond, was gunned down in a hotel parking lot by two men on January 20. The man accompanying him, mob-linked bail bondsman Irwin Weiner, was not harmed. Weiner had been a co-defendant with Dorfman in a 1975 trial on charges of bilking the Teamster pension fund of \$1.4 million. They were acquitted after several key government witnesses were murdered. SJM 1-21-83. Police found on Dorfman’s body a personal telephone book with dozens of names of sports celebrities, entertainers, mobsters, labor leaders, and high-ranking police officials (SJM 1-22-83).

Various theories have been advanced to explain the hit; some say the Chicago mob feared that Dorfman would make a deal with prosecutors; others claim that Lombardo ordered the killing because Dorfman failed to come up with \$2.5 million cash bond to spring Lombardo from jail. Prosecutors are also considering a taped conversation between Lombardo and Dorfman regarding Chicago crime boss Joseph Aiuppa’s view of the Dorfman-Williams bribery scheme: “He says they didn’t come by him for help in the beginning,” Lombardo related, “He says we--he didn’t give the OK for, to have it OK’d, ya know what I mean? He says if we stood behind him he woulda took care of it, ya (know what I) mean?” Speaking of Williams, Lombardo continued, “But this guy here goes to Kansas City, and he OK’d it and then he didn’t stand behind his word” (SFE 1-23-83; AP 1-24-83; NYT 1-25-83).

Dorfman was shot only four days before he was due to appear in federal court in San Francisco on kickback charges involving San Jose culinary union boss Frank Marolda, Abe “The Trigger” Chapman, and two others (SJM 1-21-83). Marolda’s brother and bodyguard, Ralph, made numerous long-distance calls to Joseph Dan Testa in Chicago. Testa, who was killed by a car bomb in Florida, became in 1969 the target of a major Australian police investigation into underworld influence in the slot machine business (SFC 6-30-81).

Strike force prosecutors requesting a stiff sentence for convicted Long Island Teamster boss John Cody revealed that he agreed to invest \$5 million of Local 282's pension funds through Anthony Angelos, then head of Des Plaines Bancorporation, in order to help capitalize a Chicago bank controlled by Allen Dorfman. That latter deal didn't go through, although the local's pension fund did lose \$1,625,000 on a \$2 million loan it made to the Des Plaines Bancorporation, which folded in 1981 (NDAY 11-30-82). Angelos allegedly received kickbacks on his bank loans and perpetrated a \$2.5 million fraud against Standard Chartered Bank of London (CT 7-12-81; NDAY 4-16-81).

William Saxbe, former Nixon attorney general, has been appointed special counsel to the Teamsters Central States Pension Fund, with the blessings of Labor Secretary Ray Donovan (AP 12-6-82). Saxbe came under investigation by Nevada gaming authorities in 1974 for acquiring Bally stock as a gift. Another target of investigation was Frank Fitzsimmons, then president of the Teamsters (PAT 2-16-74). Saxbe is a close friend of Bally's former chief, Sam Klein, an associate of NJ mobster Jerry Catena, the Dalitz mob, and Ohio Teamster boss William Presser. One knowledgeable federal informant claims that Saxbe used to stay at Klein's Florida condominium in the early 1970s.

An uncle of Teamsters leader Jackie Presser, Allen Friedman, and a former business partner of Presser's wife, Anthony Hughes, are among five suspected ghost employees of Presser's Ohio Teamster Local 507 and its affiliate, Bakery Workers Local 19, according to a federal affidavit (CPD 11-10-82). Another suspect, George Argie, has been arrested for trying to bribe a county sheriff to cover up a gambling operation (CPD 12-23-82).

### **General**

A PBS Frontlines documentary, "An Unauthorized History of the NFL," charged that players and owners have extensive ties to organized crime and gambling interests. Subjects included Al Davis of the Oakland Raiders, Gene Klein of the San Diego Chargers, Clint Murchison of the Dallas Cowboys, and John Mecom of the New Orleans Saints. Explored at length were the circumstances surrounding the death of Carroll Rosenbloom, late owner of the Los Angeles Rams, and a notorious bettor, whose business associates included Lansky contacts Mike McLaney and Lou Chesler. Copies of the transcript are available for \$4.00 from Frontline, Box 322, Boston, MA 02134.

One of Frontlines' chief informants, federally protected witness John Piazza, was arrested in September with an arsenal of illegal weapons, police monitoring devices, and portable landing strip equipment for drug shipments (MH 9-13-82).

Arizona law enforcement authorities are investigating an alleged Mafia diary, covering June 1974 to Jan. 1975, which lists \$2 million in personal loans and investment deals between Emprise, the sports conglomerate now known as Delaware North Companies, and several crime figures, including Anthony Zerilli, Michael Polizzi, Dominic Corrado, and Jack Tocco, all of Detroit, and Mafia bosses Anthony Giordano of St. Louis and Raymond Patriarcha of New England. The diary is reminiscent of another book found in 1979, that detailed the flow of \$4 million out of various Las Vegas casinos into Emprise-linked dog racing interests in Arizona (AR 12-17-82). Arizona authorities are also investigating testimony of protected mob witness

Gary Bowdach that the Daytona Beach, FL Jai Alai fronton was burned in 1974 as a favor to Jeremy Jacobs, then head of Emprise (AR 12-21-82).

Joseph Tocco, a kingpin of Arizona organized crime, was charged with heading an operation dealing in prostitution, loan sharking, tax fraud, burglary, and robbery (AR 9-17-82).

Massachusetts organized crime figure Alvin Campbell, indicted on federal charges of illegally possessing guns, silencers, and cocaine, is under investigation for the death of John Callahan, former president of the Miami-based World Jai Alai, Inc. Callahan's body, shot five times, was found in the trunk of his car in the parking lot of Miami International Airport. Campbell is called the "leading black organized crime figure in New England" and an associate of the Winter Hill gang (BG 12-10-82; BG 11-25-82; NOTP 11-27-82; cf. MH 10-30-82; MN 8-11-82; PP/USA/3)

Contract killer Joseph John Sullivan, convicted for the murder of mob-connected Teamster boss John Fiorino, was caught plotting to escape from a Suffolk County jail. One of his possible accomplices, Robert Germaine, was convicted of the \$4 million Hotel Pierre robbery in Manhattan in 1972, and then again last year for conspiring to sell cocaine and heroin. Germaine may have knowledge of the 1978 \$5.8 million Lufthansa robbery, one of the largest in US history (NDAY 10-13~82; NDAY 10-11-82). Picked up with Germaine on the drug charge was Henry Hill, a Lufthansa and Boston College basketball fix suspect (NYT 4-30-80; NDAY 11-25-81). Yet another Lufthansa suspect, Paul John Arthur, has been linked to international terrorist gunrunner Casmir Taveria, who has operated in Turkey. Arthur was picked up with hollow point bullets and an Uzi submachine gun; authorities suspect his target was Angelo Sepe, another Lufthansa suspect (CT 10-17-82)

Arthur has been linked to renegade CIA agent Ed Wilson through mercenary recruiter Rocco Salvatore (*NY Post*, 1-29-82).

Alfred Pilotto, 72, president of Chicago Local 5 of the Laborers International Union, was given a 20-year sentence for a kickback scheme that looted \$2 million from the union's benefits funds. Pilotto, an alleged "street boss" for mob leader Joseph Aiuppa, was allegedly the target of an Aiuppa-ordered hit attempt in 1981 (SJM 9-15-82; CT 8-21-82).

Rep. Mario Biaggi, D-NY, and three NY state legislators have urged a federal judge to suspend a five-year prison sentence for convicted labor racketeer Vincent DiNapoli, an alleged "capo" in the Lucchese crime family (NYT 11-6-82).

A federal grand jury is determining whether J. B. Hanauer & Co., a New Jersey municipal bond dealer, laundered large sums of cash for racketeers and businessmen. Transactions of as much as \$20 million are involved. Hanauer representatives picked up cash in Atlantic City, New York, New Orleans, and other cities.

Deil Gustafson, a Minnesota banker, and two associates were convicted of misapplying bank funds and engaging in a check-floating scheme. The overdrafts involved the Tropicana Hotel & Country Club in Las Vegas, of which Gustafson was part owner in the 1976-1978 period. Also convicted was Joseph V. Agosto, an organized crime figure who faces trial this April in

Kansas City for skimming the casino on behalf of the KC mob. Agosto is also the target of a civil lawsuit by Crocker National Bank, charging fraud (WSJ 1-25-83; WSJ 1-7-83).

The leadership of the Denver area mob has been disrupted by guilty pleas from Eugene Smaldone, his brother Clarence, and their nephew Paul Vilano on charges of loan-sharking, possession of an illegal gun silencer and income tax evasion. Their record goes back to the 1920s and includes bootlegging, extortion, attempted murder, prostitution, bombings, arson, fraud, jury tampering, tax evasion, gambling, and so forth. The only member of the family known to have dealt in drugs is Eugene's son who is serving a 10-year sentence for importing cocaine (DP 10-5-82; DP 11-28-82). Three Smaldone enforcers--John Russomanno, Joseph Losasso, and Joseph Valentich--were also indicted for loan sharking and illegal possession of weapons (DP 9-17-82).

Six current and former trustees of the Southern Nevada culinary workers pension fund have agreed to pay \$3.7 million to settle charges of pension law violations brought by the Labor Department. The charges stem from illegal loans of \$27.3 million that the pension fund made to Dunes hotel-casino owner Morris Shenker (WSJ 2-2-83).

DEA agents in Chicago learned that Robert Acosta, former acting supervisor of the Arizona Criminal Intelligence Systems Agency, was linked romantically to Terry D'Andrea, widow of Nicholas D'Andrea who was murdered gangland style in September 1981. Before his death, D'Andrea boasted of his "contact" who "could protect him and provide information to him regarding police narcotics activities (in Arizona)." D'Andrea was active in heroin and cocaine distribution in Phoenix and Chicago. Acosta went along with him for fear of being murdered. All this comes from a memo filed in Phoenix court by Assistant US attorney Gloria Ybarra (AR 12-8-82) Acosta was sentenced to 8 years in prison for conspiracy to distribute cocaine (AR 12-14-82).

Florida's Division of Alcoholic Beverage and Tobacco accused the Crown Liquors chain of receiving illegal kickbacks from Southern Wine and Spirits, the state's largest liquor wholesaler. In 1980 Crown co-owner Maurice Kassal sued the company, charging that his brother had asked him to help obtain a personal loan from reputed Mafia figures. Kassal also charged that his brother skimmed huge amounts of money from the business and became a "silent partner" of Southern Wine's Jay Weiss (MH 11-18-82). Weiss was a friend and business partner of former Dade State Attorney Richard Gerstein and alleged Lansky successor Alvin Malnik (cf. Messick, *John Edgar Hoover*, 211).

The Supreme Court let stand a New Jersey Casino Control Commission ruling in 1980 that prevented the Perlman brothers, then owners of Caesar's World, from "influencing gaming policy" in Atlantic City. The Commission objected to their ties to alleged Lansky associates Alvin Malnik and Samuel Cohen, both of Miami Beach (MH 12-14-82).

Caesar's World recently backed out of a deal to purchase the Dunes hotel and casino in Las Vegas from Morris Shenker (cf. WSJ 12-14-82). The Perlmans' latest venture is a Los Angeles-based airline, First Air, which will specialize in luxury service (SJN 11-19-82).

Clifford Jones, former Nevada Lieutenant Governor who ran with Lansky and the Dalitz mob, owns gambling interests in Sri Lanka and has just purchased a casino near Athens (REG 9-8-82).

Moe Dalitz, former proprietor of the Desert Inn and before that a Lansky gambling partner, was scheduled to receive the Torch of Liberty Award from the Anti-Defamation League (LVS 9-17-83).

Seven men, including two former Chase Manhattan Bank employees, were indicted for stealing \$4.1 million and misappropriating another \$2.8 million in chase funds. It was the second indictment stemming from \$23 million in loan losses at Chase during 1978 and 1979. Among those indicted was Irwin Freedman, a key figure in the Outrigger Club scandal that implicated the Miami National Bank; see PP/USA/5. Also indicted was coal fraud figure James Durkin, a Pennsylvania society figure who did business with Jimmy Hoffa and mobster Fred Correale, his partner at Pocono Downs racetrack (SB 11-18-82; PI 12-28-82).

Police have broken up a nationwide counterfeit credit card operation in Suffolk County, NY whose kingpin, Salvatore Cardella, is an alleged associate of the Luchese crime family. Revenues from the operation may total a billion dollars (NDAY 11-21-82, 11-23-82).

The Santa Clara County Fair Association has a three-year contract with a carnival whose principal agent, Bobby Cohn of Western Pacific Shows, has been linked to several East Coast mobsters. Hearings of the state's Joint Committee on Fairs Allocations aired Cohn's associations with Connecticut mobsters Frank Piccolo and Tommy DeBrizzi. Piccolo was murdered in September 1981 after being indicted with Guido Penosi for attempting to extort money from Wayne Newton. DeBrizzi is reported to have taken Piccolo's place as boss of the Gambino family's operations in New Haven. He is currently in prison for trying to influence a witness in a Bridgeport, Conn. trial involving illegal gambling dens (SJM 2-2-83).

After 7 years, Los Angeles police have finally arrested Joseph Jay Levy, a fugitive con man wanted on grand theft and attempted extortion charges since he jumped bail in 1975. Authorities believe he made hundreds of thousands of dollars on behalf of North Hollywood crime figure Rocco Passante by defrauding small businessmen in the collection of debts (LAT 12-22-82).

The Mafia continues to flourish in Italy, despite a plea by the pope to root out "the ramifications of the Mafia attitude" (WSJ 1-4-83). Mafia hitmen gunned down a Sicilian state prosecutor who was involved in every major crime investigation there during the past 12 years. The killing of Giangiacomo Montaldo was the worst blow since the assassination on Sept. 3 of General Carlo Alberto Dalla Chiesa, the famed terrorist fighter who had taken charge of the anti-Mafia campaign. Shortly before his death, Montaldo had two leading politicians--the regional secretary of the Liberal Party and a noted member of the Republican Party--arrested for granting illegal building contracts to the underworld (SJM 1-26-83).

Meanwhile, intramural mafia killings continue at a high rate. At stake is control of the multi-billion-dollar drug trade. The bloodletting began in 1979 when two leading bosses, Pietro Inzerillo and Stefano Bontade, defrauded their weaker compatriots of a \$20 million heroin shipment to the US. Their American "cousins" called a meeting in Chicago in 1980 where it

was decided that the Americans would henceforth deal only with three other Sicilian clans: the Greco, Riccobono, and Marchese families. The aftermath was a bloody war that decimated the Riccobono and Greco families (CT 1-2-83). Stefano Bontade and Salvatore Inzerillo were among the first to go. Pietro Inzerillo secretly made for the US, where he was shot on Jan. 15, 1982 in Trenton, NJ. (CDS 11-30-82). Gaetano Badalamenti has disappeared, perhaps to the US; Salvatore Badalamenti was recently ambushed and killed (CDS 11-21-82). Tomasso Buscetta, a kingpin of the old French connection, has also seen his influence wither. Based in Brazil since 1980, where he continues to deal in drugs, he failed to prevent the killing of his brother Vincenzo and his nephew Benedetto (CDS 12-30-82). Buscetta stayed in the US in 1970, avoiding deportation by going underground with help from Rosario Gambino, a cousin of mob boss Carlo Gambino and indicted in 1980 for heroin trafficking. He has also been linked to the financial operations of Sicilian financier Michele Sindona, who has been indicted in Italy with 75 others for drug trafficking (PANO 9-8-80).

#### **Miscellaneous notes:**

FBI probes Reagan pick for US Marshall in Sacramento (SB 7-25-82). . . “Alleged mob ties threaten giant’s liquor license” (on Magliocco family and Peerless Importers) (*Arizona Daily Star*, 11-21-82). . . 9 part series on Anthony Spilotro in Las Vegas (LAT 2-20-83). . . Former Allen Glick business associate Fred Kellerman, once president of the Southwest Virginia National Bank of Bluefield, was convicted of misapplying bank funds (RTD 8-14-82). . . FBI investigation into St. Louis mob (SLPD 11-5-82). . . “Without Vitale, underworld said to be floundering” (SLPD 6-7-82). . . Feds crack down on Mafia families (SFE 12-5-82; Jack Anderson in WP 10-4-82; KCS 8-8-82). . . San Francisco convention center director Jack Lambert quits after cops link him to gangland figures (SFE 10-17-82). . . “Costa Rica taking steps to end `crooks haven’ image” (SDU 11-16-82). . . “(Ray) Donovan’s Grief” (*Rolling Stone*, 9-16-82; cf. NYT 9-14-82). . . Inquiry found “insufficient evidence” to prosecute. . . “The Reagan-Donovan fund-raising connection” (*Common Cause*, 10-82). . . Profile of Wayne Newton (SPT 6-13-82). . . Philadelphia crime wars (LAT 9-6-82). . . Yakuza invading in the United States (SFE 12-5-82). . . “Japan crime figure in bank court suit” (*Honolulu Advertiser*, 8-15-82). . . “US alleges link between Warner’s Ross, Secret Fund in Westchester Premier case” (*WSJ* 11-4-82); “Ex-Warner Aides Put on Probation,” (NYT 12-14-82). . . History of Marseilles underworld (EXPR 10-15-82). . . “Chipping away at corrupt unions” (NDAY 10-10-82). . . “Investigation of Judge (Harry Claiborne) points up US-Nevada Rift” (NYT 11-3-82). “The strange disappearance of Adolphus von Gontard,” heir to Busch brewing fortune, who was on his way to meet mob-linked gambler Benjamin Callihan, who was arrested in July in Louisiana in an airplane said to contain \$1 million worth of Colombian marijuana (AR 8-26-82).

#### **Drug Traffic**

A federal grand jury in Miami indicted four senior Cuban government officials on charges of permitting drug traffickers “to use Cuba as a loading station and source of supplies for ships transporting” Quaaludes and marijuana. The scheme, allegedly protected by the Cuban

Navy, allowed Colombian trafficker Jaime Guillot-Lara to ship 2.5 million tons of marijuana to South Florida. A DEA spokesman said, "We don't know and we have not suggested there is a conspiracy by the Cuban government in general." The accused officials include Fernando Ravelo-Renedo, former ambassador to Colombia and godfather to the daughter of admitted Colombian trafficker Johnny Crump; Gonzalo Bassols-Suarez, former second in command of the Cuban embassy in Colombia; Aldo Santamaria-Cuadrado, a vice admiral in the Cuban Navy and member of the Central Committee; and Rene Rodriguez-Cruz, a suspected DGI official and member of the Central Committee. The conspiracy unraveled from the testimony of Crump, a cocaine smuggler jailed in South Florida, who says that in return for Cuban help, Guillot agreed to smuggle arms to the M-19 guerrillas in Colombia. One of Guillot's boats was seized by Colombian authorities in 1981 with 100 tons of weapons on board. He had been wanted as early as 1978 by the US on drug charges. He was arrested in 1981 by Mexico but released in October 1982. He is believed hiding in Spain (SJM 11-6-82; MH 11-6-82; MH 10-24-82). One of the 10 drug suspects indicted along with the Cubans, David Lorenzo Perez Jr., has pleaded guilty and confessed to meeting with the four officials in Cuba to work out details of his Quaalude smuggling operation (MH 12-11-82). And alleged DGI agent Hildo Romeo, whose brother ranks high in the DGI and travels on a diplomatic passport, is awaiting extradition from Madrid to Miami on fraud and drug-related charges of attempted murder. According to a special agent of the Florida Department of Law Enforcement, Romeo's partner in the drug business was Hector Gonzalez, who ran marijuana from Cuba to Florida with the help of two DGI colonels (MH 11-15-82).

A jury found contract killer Charles Harrelson guilty of gunning down Federal Judge John Wood Jr. On May 29, 1979 to collect \$250,000 from drug dealer Jimmy Chagra. The jury also convicted Chagra's wife of conspiracy; Chagra's brother Joseph also pleaded guilty to murder charges. But Jimmy himself was acquitted in a separate jury trial (SJM 12-15-82; SJM 2-8-83; for a complete roundup see DMN 12-15-82).

Joe Chagra testified that Harrelson claimed he killed President Kennedy and hoped he could make a deal with the government by offering information about the conspiracy (SFE 11-2-82). Some JFK assassination buffs believe they see a likeness to Harrelson in a picture of one of the "tramps" picked up by Dallas police on Nov. 22, 1963.

Joseph Marcello, brother of convicted New Orleans crime chief Carlos Marcello, faces perjury charges stemming from his sworn statement to the Judge Wood grand jury that he did not recognize his own or his brother's voice on a secret FBI tape recording, made during the Brilab investigation. His attorney is Roy Cohn (SAE 9-21-82).

Michael Caruana, associate of New England crime boss Raymond Patriarcha, was subpoenaed before the Wood grand jury because of reports that he went to El Paso to help investigate the death of a third brother, Lee Chagra. DEA agents observed Caruana meeting with Arnold Katz, a drug trafficker allegedly involved with Caruana in big time cocaine and marijuana deals. He has since become a government witness (BG 10-31-82).

Benjamin Smith, a former San Antonio policeman and Las Vegas casino debt collector, was found shot and strangled in a car trunk in Austin, TX. He was also a bodyguard for Vegas

gambler Jack Strauss, who testified before the Wood grand jury that he knew Jimmy Chagra (SAE 9-1-82).

Bradley Bryant, a Philadelphian linked to the Company, a giant nationwide smuggling network (see PP/USA/1), was found in contempt of court for refusing to answer questions during a pretrial hearing for the Wood murder case. He was asked whether he knew the Chagra brothers and whether he ever heard Jimmy Chagra discuss the Wood killing. (Fort Worth Star Telegram, 8-14-82; HC 9-9-82). Prosecutors tried to have Chagra defense attorney, mob lawyer Oscar Goodman, disqualified because he had also represented Bryant. Federal officials believe that Bryant put Chagra in touch with Harrelson (FB 7-9-82).

Bryant received a 15-year sentence after pleading guilty to wire fraud, mail fraud, and conspiracy to distribute marijuana. The fraud charges stemmed from his scheme to cheat International Harvester Corp. of hundreds of thousands of dollars in the late 1970s. He has also been convicted on other weapons and drug charges (PI 7-31-82).

Alvin Snaper, a Las Vegas inventor, was acquitted of charges that he received weapons embezzled by Larry Bryant, Bradley's cousin, from the China Lake Naval Weapons Center. But the Feds now claim that Snapper leased a warehouse in which the arms were found from former All-Pro NFL player Lance Alworth, who in 1974 teamed up with alleged Chicago mob front man Allen Glick to borrow \$15.5 million from the Teamster pension fund (FB 5-6-82; Oakland Tribune, 6-4-75). Larry Bryant was found guilty of the Company-linked arms thefts (SFC 8-24-82).

The murder of Florida Assistant State Attorney Eugene Berry has also been linked to the Company. A Florida state court has charged Bonnie Lynn Kelly with the killing, and former Kentucky legislative aide Henry Vance Jr. is the subject of a federal grand jury investigation into the crime. Kelly's husband was convicted (but recently had it overturned) for marijuana smuggling and was Bradley Bryant's radio supplier. Vance, Kelly, and Bryant sidekick Andrew Thornton II were boyhood friends (*Louisville Courier-Journal*, 6-27-82).

DEA agents arrested 36 suspects and seized several hundred pounds of cocaine following an 18-month financial sting called "Operation Swordfish." Among those arrested were employees of the Bank of Miami, Intercontinental Bank, and Great American Bank (SJM 10-16-82). A federal grand jury indicted the Great American Bank of Dade County and three employees, including its vice president Lionel Paytuvi (a Swordfish target) for laundering more than \$97 million in drug money. Paytuvi was convicted on separate drug charges (WSJ 12-14-82; SFC 12-14-82; MH 12-22-82).

Anti-Castro Cuban political exiles control the bulk of marijuana trafficking along the Texas coast. Multi-ton suppliers include Tony Fernandez, who owned major interests in Miami banks and shopping centers but fled to Spain after indictments in Florida and New Orleans. One of his lieutenants, Diego Morales, undertook clandestine missions into Cuba on behalf of the CIA in the early 1960s. His smuggling associate, Reuben Perez, was a teen-age paratrooper captured at the Bay of Pigs. Yet another smuggler, Conrado Caballeros, personally met President Kennedy before infiltrating Cuba for the CIA in October 1962, during

the missile crisis. He was a member of the elite team headed by CIA officer Rip Robertson. A total of 7 known CIA veterans are or until recently were active in this trade (HC 1-9-83).

Bay of Pigs veteran Guillermo Hernandez Cartaya, former head of the now-defunct WFC Corp. in Florida (suspected of being an enormous drug operation - see John Cummings, "Miami Confidential," *Inquiry*, 8-81)) has been indicted for embezzling \$500,000 from the Jefferson Savings and Loan Association of Brownsville, TX (MH 11-11-82). An investigation by El Tiempo of Bogota exposed a drug laundering operation at Banco del Estado, prompting the jailing of its president, Jaime Mosquera Castro. Mosquera headed the Union de Bancos de Panama, used by WFC to run its network of Latin subsidiaries (NYT 12-27-82).

Operation Tick Talks, a drug conspiracy investigation that implicated several leading CIA-trained Cuban exiles, was crushed when a judge threw the wiretap evidence out of court (MH 9-18-82; cf. PP/USA/3) Tick Talks defendant Rafael Villaverde, a former CIA operative who Ed Wilson attempted to recruit as a Khadafy hit man in 1976, is still missing after a March 1982 boat accident off the Bahamas. His brother Raul blamed their involvement with Wilson on Ricardo Morales, CIA/DEA/FBI/DISIP agent extraordinary who was a close friend of Wilson (MH 10-3-82). Morales has met a bad end himself, gunned down in a Miami bar owned by Rogelio Novo (MH 12-22-82; WP 2-6-83), a former secret business partner of WFC-linked Enrique Argomaniz.

DEA is investigating the possibility that a man accused of drug smuggling in New York led a failed invasion of Albania in Sept. 1982. The suspect, Xhevdet Mustafa, fled a \$1 million bond set for a drug-related arrest in Nov. 1981. Mustafa, a supporter of Leka I, son of the exiled late King Zog, may have controlled a cocaine and heroin processing lab in Colombia, and was reported to have close associates among both Turkish and Italian ethnic criminal elements in the United States. Albania accused him of leading an infiltration of the country on Sept. 25 (TGM 10-9-82).

A federal grand jury in Atlanta is investigating Cleveland, GA resident Tilton Lamar Chester Jr, a former Eastern Airlines pilot with real estate interests in Florida and the Bahamas. Part of the Houston-based Operation Lone Star money laundering investigation, the inquiry is focusing on deals between Chester, Vesco-linked Bahamian financier Donald Aberle, and Miami lawyer Lance Eisenberg, who was indicted in Houston in January 1982 for laundering drug profits through a Caribbean bank. Operation Lone Star began three years ago to look into allegations that drug profits were being laundered through the oil industry (AC 12-10-82).

Carmen Zagaria, a principal in a \$15 million-a-year drug ring, pleaded guilty to a 74-count murder and drug indictment and agreed to testify against other defendants (CPD 10-15-82). They include organized crime figures Joseph Gallo and Thomas Sinito and Cleveland Mafia underboss Angelo Lonardo. Zagaria has also testified that national Hell's Angels treasurer Andrew Shisson was part of his network. Police, lawyers, and doctors were also alleged to be involved from the Cleveland area (CPD 11-19-82; CPD 12-26-82).

FBI and DEA made what FBI Director Webster called "one of the biggest narcotics cases involving organized-crime members and associates ever to be investigated. These arrests will have a significant impact on heroin trafficking in New York." The ring allegedly imported well

over 100 pounds of heroin a year from Southwest Asia. Those arrested included members or associates of the Colombo, Gambino, and Lucchese crime families (SJN 12-11-83; AP 11-4-82).

Miles Spund, a Miami pilot who made military flights on behalf of Libya (presumably as part of Ed Wilson's mercenary operation), is charged in Tampa with flying marijuana into Florida (MH 11-12-82).

#### **Miscellaneous:**

Former Iranian deputy prime minister Sadegh Tabatabai, brother-in-law of Khomeini's son Ahmed, was caught in West Germany with more than 3 pounds of raw opium. He was freed because of diplomatic immunity (SJM 2-23-83). . . A former Thai diplomat, Sihadej Chindawongse, has pleaded guilty to taking part in the smuggling of \$12 million worth of heroin (AP 1-13-83). . . Four former Dade County homicide detectives were convicted of racketeering violations stemming from their stealing drugs and money and working with reputed cocaine kingpin Mario Escandar (AP 9-23-82; MH 9-24-82). . . "Cocaine is King in Bolivia (SJM 11-21-82). . . "Ken Burnstine: The Legend that Won't Die" (Gold Coast Life, March, April, May 1982). . . "Gang warfare in the Mezzogiorno" (LM 9-5-82; LM 9-6-82). . . "La guerre de l'opium" (Sudestasie, 7-82). . . "US accuses 9 of laundering proceeds of more than \$100 million in drug sales" (WSJ 11-17-82). . . "The Karenni connection (Burma)" (*Far Eastern Economic Review*, 6-18-82). . . "Suspect: Colombian (Air Force) jets flew drug cash to US" (MH 11-17-82). . . "PLO helped ring bring drugs into Sweden, newspaper says" (BS 7-10-82). . . "Drug Business" (*New York*, 12-23-82).

#### **Nugan Hand and Australian scandals**

The complex of Australian scandals, including the Nugan Hand banking/drug trafficking case and the continuing revelations of CIA involvement in the 1975 mini-coup against Prime Minister Gough Whitlam, may now change the face of Australian politics--and even the future of the ANZUS pact--owing to the victory of Labor Party leader Bob Hawke as prime minister. Already Hawke has vowed to "improve Australian involvement" in the management of super-secret US military communications bases (*USA Today*, 3-7-83). Whitlam's efforts to bring the Pine Gap base under control led to his ouster following the intervention of top CIA officer Ted Shackley, former head of JM/WAVE in Florida and later head of the CIA's East Asia Division. Shackley was eased out of the Agency, according to some accounts, because of his cozy relationship with Ed Wilson, the CIA agent and terrorist arms smuggler who was in turn an intimate of Nugan Hand principals.

A three-part series of articles by Jonathan Kwitny appearing in the Wall Street Journal finally brought the Nugan Hand story, covered extensively in PP/USA/1-6, to the broad attention of the American public. Kwitny came under blistering attack from his perennial critic Accuracy in Media, which published in its newsletter an amazing defense of Nugan Hand (*AIM Report*, 11-11-82).

In Australia, the Commonwealth-New South Wales Joint Task reported extensively on the Nugan Hand Bank (investigations are continuing in the US) and, among other findings, noted: "There seems to be little doubt that Michael Hand became involved with US military intelligence activity during his military service in Vietnam and Southeast Asia (1964-7) if not before that time. His subsequent business activities in Australia in the late 1960s and early 1970s with members and former members of the CIA controlled airline Air America (formerly Civil Air Transport) and CIA connected Continental Air Service (CAS) and Agency for International Development (AID), lead to the strong inference that Hand's intelligence activity was with the CIA.

"There is some evidence to suggest that Hand retained his US intelligence ties--whatever they might have been--throughout the 1970s and probably into the 1980s. For example, in handwritten notes Nugan made to himself exploring the business prospects for Nugan Hand in Southeast Asia, apparently between 1977-9, Nugan wrote 'Mike good Vietnam specialist (CIA) tough physically.' Other examples which support this view are Maurice Houghton, his relationship to Hand, his role in Nugan Hand and his connections not only with US intelligence personnel but also with personnel in Australia's own ASIO. . . These matters are discussed in detail throughout the Report. Their significance to this investigation is of course crucial, as they go to the fundamental question: Who controlled Nugan Hand at the time of its involvement in illegal and questionable activities in or affecting Australia?" (pp. 299-300, Report).

This conclusion comes extraordinarily close to indicting the US government in the affair. If further evidence is forthcoming, and if Hawke can pry loose information from the ASIO (practically a state within a state; it has refused so far to turn over any information on Nugan Hand), then US-Australian relations may be tested as never before.

Other CIA connections: "A former senior CIA officer flew to Sydney following the collapse of the Nugan Hand merchant bank and left two days later with the bank's Saudi Arabian manager, Bernie Houghton. The ex-officer, Tom Clines, was until 1978 the director of training in Clandestine Services . . . Clines officially left the CIA in 1978 to run a group of private companies whose activities included the sale of US military equipment. One of the companies, API Distributors Inc. was established for Clines by Ed Wilson" on whom see the Intelligence section of this newsletter. "Just before the collapse of Nugan Hand, Clines' fellow director and treasurer of APJ Distributors Richardo Chavez, was negotiating with Nugan Hand to buy a UK bank, London Capital Securities. Chavez is a former CIA contract agent who worked under Clines in Clandestine Services. Two Nugan Hand executives, Bernie Houghton and the bank's president, Don Beazley, were the key people involved in the negotiations with Chavez. . . Houghton was negotiating business deals with Ed Wilson just before his (Wilson's) indictment in the US" (NT 9-12-82).

"The defunct Nugan Hand Bank funneled money to CIA contract operative and mercenary Mitchell WerBell III. . . According to a former Deputy Director of the CIA who did not want his name used, "WerBell conducted operations for US intelligence on a regular basis and we paid him on occasions through the Nugan Hand Bank" (NT 9-12-82). On WerBell's ties to the

drug smuggling organization known as The Company, and to Ed Wilson's partner Frank Terpil, see Jonathan Marshall, "The Company," PP/USA/1.

One intriguing piece of new information links the Nugan Hand affair to American organized crime circles. As noted in past issues of PP/USA, there was a tight nexus between West Coast mobsters Jimmy Fratianno and Salvatore Amarena and West Coast Teamster boss Rudy Tham on the one hand, and Australian drug traffickers Murray Riley and Bela Csidei on the other. Riley was one of Nugan Hand's most important clients. The Report now reveals that Riley and one of Fratianno's old bookmaking associates, George Countis, approached Hand to obtain \$23 million for the purchase and development of a substantial tract of land in Las Vegas as a hotel-casino complex. An American partner in the deal, Johnny George, is mentioned in *The Last Mafioso* (Ovid Demaris's account of Fratianno's life) as being associated with New Mexico criminal lawyer William Marchiondo in a \$125 million casino development in Las Vegas. Marchiondo allegedly told Fratianno that any "black" money he could swing from "mafia families" could be laundered as "loans" from "foreign banks . . . That's one perfectly safe way of doing it. Get money in and out of any tax-haven bank and you can take your secret to the grave" (Demaris, 372; Marchiondo is suing for libel).

In July 1982 Fratianno testified in a New York trial about further connections of his to Australia. He claimed under oath that he was given free transportation services for his San Francisco clothing store from the American trucking subsidiary of Australia's Thomas Nationwide Transport, headed by Hungarian-born Sir Peter Abeles. Abeles, as noted in PP/USA/3, is a business partner of Rupert Murdoch (through Ansett Airlines) and mentor to Bela Csidei, the Nugan Hand-linked marijuana grower. Fratianno also says that New York mobster Venero "Benny Eggs" Mangano told him that Abeles paid Mangano \$25,000 "so that there would be no problems on the docks. He told me he took care of it and was going on the Abeles payroll." Fratianno met Abeles in Manhattan in 1976 when Fratianno was attending an award ceremony for Frank Sinatra; Fratianno tried to interest Abeles in buying out the mob-controlled Westchester Premier Theater at which Sinatra performed (UPI 7-23-82; ECON 1-16-82). The sum total of Abeles' payouts to the American mafia was \$300,000. Even more than Mangano (who was on trial for tax evasion when Fratianno testified), Rudy Tham protected Abeles from Teamster harassment (NT 12-12-82). Tham was a partner in Fratianno's clothing store, and it was Tham who introduced Mangano to Fratianno at Sal's Pizza Parlor in San Francisco, owned by former Trafficante/Marcello soldier Salvatore Amarena a/k/a Sammy Paxton (Fratianno transcript, 225; J. Marshall, "The Friends of Michael Hand, *Inquiry*, 11-5-80). Expect an article on this case by Kwitny in the WSJ.

Mangano, a member of the old Genovese crime family, has also come under investigation for corruption in the Dallas-based Army-Air Force Exchange Service (DMN 11-1-81)

The Abeles case should prove to be of particular interest since a member of the Victoria Legislative Assembly, Morris Williams, charged that Bob Hawke, the new Labour prime minister, was a great friend of Sir Peter Abeles, and further, that Abeles was one of three knights referred to in a government report as Mr. Bigs of organized crime (*The Bulletin*, 9-21-82).

Former Australian Narcotics Bureau agent Joe Volkman, arrested in September 1978 on charges of conspiring to smuggle birds out of the country (see below), has been found not guilty by a jury. During his three years of legal difficulty, Volkman repeatedly claimed that the Narcotics Bureau had known of the involvement of Nugan Hand in drugs and that high level political intervention had hampered its investigation. In 1978 Volkman told a Royal Commission inquiry that he had received information linking a prominent Australian businessman with drug running and laundering of money through the bank (NT 10-31-82).

Volkman has offered further explosive testimony that US Starlifter bombers flying into Alice Springs to bring supplies for the NSA/CIA spy base at Pine Gap allegedly smuggled in narcotics and then flew out fauna (protected birds?). Volkman told the New South Wales Corporate Affairs Commission that he learned this from an informer named Cosgrave, since murdered in the US. Volkman also said that “officers in the Narcotics Bureau were friendly with a fellow named Stallings whom we also know was a former CIA employee.” Stallings was in fact the senior CIA officer in charge of Pine Gap (TRIB 11-3-82).

Australian investigators have uncovered evidence of a triangular traffic connecting Australian birds and Southeast Asian drugs. Contraband heroin reaching Australia is swapped for rare birds, which are then sold in America under the supervision of organized crime ring (Tennessean, 9-29-82). Recall that famed mafia witness Vincent Teresa (a/k/a Cantino), was recently implicated in Seattle in this trade. (cf. PP/USA/2,3; SLPD 8-16-81).

#### **Miscellaneous:**

The best single treatment of the Australian scandals now is James Nathan, “Dateline Australia: America’s Foreign Watergate?” (*Foreign Policy*, Winter 1982-83). . . “The Scandal of Nugan Hand” (*Maclean’s*, 9-6-82). . . “US Senate probes Nugan Hand” (NT 10-31-82). . . “Trimbole, Saffron in business link,” on underworld drug traffic connections (Abe Saffron was a key link in the Nugan Hand chain) (TRIB 9-1-82). . . “Secret crime, drugs report is confirmed,” on organized crime connections of three knights (SMH 9-16-82). . . “US Drug Files on Nugan Hand: knowledge but no action” (TRIB n.d.). . . “Australia’s vicious waterfront” (FT 9-10-82).

#### **Intelligence**

A CIA-protected lawyer and businessman from Liechtenstein, Alfred J. Buhler, has been connected with stock and tax fraud, illegal arms deals, kidnapping, and overseas bribes on behalf of American corporations. In a sworn deposition, one former IRS agent has described Buhler as a “bagman, a courier, and a paymaster” for the CIA. He has been involved in overseas bribes by Lockheed, Grumman, and Page Airways (itself deeply involved in the Wilson-Terpil affair; see Nation ); he figured prominently in the 1967 abduction to Algeria of Moise Tshombe, the right-wing Congolese leader; he helped divert British airplanes to Rhodesia in violation of the embargo; and he helped Howard Hughes aide John Meier to launder money siphoned off from the Hughes empire into Liechtenstein. Finally, he appears to have had a hand in the downfall of Penn Central by the diversion of \$4 million into numbered trusts (SFC 2-8-83).

Former CIA agent Edwin Wilson was convicted of smuggling 21 tons of plastic explosives to Libya and of smuggling four handguns and an M-16 rifle to Libyan agents in Europe and N. Africa in two separate trials. He was promptly accused of trying to arrange the contract killing of two federal prosecutors and five government witnesses, including Raphael Quintero, a CIA-trained Cuban exile involved with the Villaverde brothers (of Operation Tick Talks fame) in a \$1 million, 1976 Wilson plot to assassinate a Khadafy opponent (WP 11-21-82; SJM 1-22-83; SJM 2-6-83; SFC 2-17-83; SJM 2-19-83).

Other news in the Wilson/Terpil case: Kevin Mulcahy, the retired CIA analyst who blew the whistle on Wilson (only to have the Feds sit on the evidence), died in October, apparently of natural causes (SJM 10-27-82; SJM 11-19-82). . . Another Wilson associate, soldier of fortune William Russell Cranford, was shot by a .22 pistol after being summoned by a grand jury looking into the destruction of a New York supermarket on behalf of organized crime interests. Cranford had been a Special Forces intelligence analyst in Vietnam (Winston-Salem Journal, 8-30-82). . . New evidence on possible Wilson involvement in the Letelier assassination (WP-Jack Anderson, 12-21-82). . . Justice Department is investigating the Egyptian-American Transport and Service Co.'s [EATSCO] billing for shipment of military equipment to Egypt. The company was founded by Hussein Salem, a former Egyptian military intelligence officer, and Thomas Clines, a former CIA official and business partner of Wilson. Also implicated: AF Major Gen. Richard Secord, suspended for three months in 1982 after the Pentagon learned of his ties to Wilson, but now deputy assistant secretary of defense (WSJ 10-1-82; WP 10-1-82; WP 10-30-82; Baltimore News American, 10-7-82). . . Wilson may have been the source of the infamous Libyan hit squad story (SJM 11-30-82). . . Wilson has been attempting to carry on his weapons business from his jail cell, according to an associate (SJM 12-29-82). . . Marilyn Terpil, wife of Wilson partner Frank Terpil, has surrendered in New York, charged in a case involving illegal arms sales to Uganda (NYT 1-6-83). . . Wilson applied for LEAA funds to set up a terrorist training camp in Virginia (WP-Jack Anderson, 12-20-82). . . Scotland Yard purchased anti-terrorist equipment from international gunrunner Gary Korkala, Terpil's partner (ST 8-15-82). Mulcahy had been trying to arrange Korkala's return from Spain shortly before his death (WP 10-27-82).

Prince Bernhard of the Netherlands, still keeping a low profile after revelations of his criminal involvement in the Lockheed payoff scandals, made an unpublicized visit to Washington, DC to decorate 16 veterans of the Office of Strategic Services who aided the Dutch resistance behind German lines. One of the award recipients was CIA director William Casey (NYT 10-16-82). The irony is that Bernhard's indiscretions in picking German agents for his wartime staff led to the arrest of over 250 members of the Dutch resistance and compromised the most invaluable intelligence secret of the war: the allied possession of Enigma, the German cipher machine (Anthony Cave Brown, *Bodyguard of Lies*, 810). Bernhard was, prior to the war, an agent of IG Farben's foreign espionage section, NW7. On Bernhard's and Casey's ties to the Sovereign Military Order of Malta, see Kevin Coogan, "The Men Behind the Counterreformation," PP/USA/6.

Air Force Major General Richard B. Collins, accused of embezzling government funds, says he will expose classified information about CIA and military intelligence operations to defend

himself. The case involves Collins' handling of secret CIA bank accounts in Switzerland (MH 2-10-83).

CIA Director William Casey has asked Congress to continue paying for covert operations, including terrorist raids by anti-Sandinista forces, against Nicaragua. The administration claims it is only trying to harass, not overthrow, the government (NYT 11-2-82; SJM 2-16-83). As one part of this operation, Israel is cooperating with the US in creating a \$10 million armed settlement in Costa Rica, to buttress its border with Nicaragua (WP-Jack Anderson 2-14-83). Former CIA deputy director Vernon Walters, now an Ambassador-at-Large, recruited Argentine army officers to advise armed Nicaraguan exile groups in Honduras; Argentina pulled out during the Falklands war (SJM 11-7-82). An Argentine defector claims that his intelligence unit plotted to kill Sandinista hero-turned-rebel Eden Pastora and blame it on the Sandinistas (WP 12-2-82).

An alleged South African-sponsored coup plot in Angola has been exposed in the Portuguese magazine *Expresso* (8-14-82). The conspirators included former Portuguese colonial army officer Victor Fernandez, delegates from UNITA and FNLA, two South Africans, three members of the Angolan state--and Frank Sturgis, Watergate burglar and soldier of fortune, allegedly representing anti-Castro refugees in the US. The representatives of this plot group also met Wilfredo Navarro (an anti-Castro leader who led an abortive Guantanamo invasion with Sturgis (MH 9-5-81)), Yannu Montez, and Vaal Neto, living in Boston (GDN 8-17-82; full translation in Facts and Report, 9-3-82, reprinted in Parapolitics (Paris), 8-82). Navarro has since been arrested for illegal possession of a MAC-10 semi-automatic pistol (MH 10-26-82). On Sturgis's connection to British mercenary John Banks: PP/USA/2.

KGB activities: "Eyes of the Kremlin" (TIME 2-14-83). . . Italy has arrested Soviet Aeroflot official Victor Pronine for trying to obtain microfilmed plans of NATO positions in the country (SJM 2-15-83). . . Soviet disinformation is allegedly responsible for charges that a New Orleans consulting firm, Aviation Personnel International, was implicated in the abortive South African coup attempt on the Seychelles in November 1981 (WP-Jack Anderson 1-29-83; cf. Facts and Reports, 8-20-83, reprinted in Parapolitics (Paris), 8-82). . . The CIA's former chief of covert operations in Vietnam from 1959 to 1961 has been indicted for attempting to smuggle a truck assembly line to the Soviet Union (SJM 1-6-83). . . Geoffrey Arthur Prime, a translator of coded Russian radio traffic at Britain's top-secret electronics communication center at Cheltenham, spied for the USSR for nine years, perhaps doing more intelligence damage than any spy since Kim Philby. One account says Prime had the highest secret clearance in NATO, "Cosmic"; another says he was a low-level translator of plain-language material (WP 10-25-82; WP 10-31-82; NSWK 11-8-82; NYT 10-24-82; ST 10-31-82). The most serious claim yet is that Price compromised the Argus eavesdropping satellite designed at enormous cost for the NSA, to listen in on Soviet military communications (ST 11-14-82). . . Lax security at NSA (WP 11-27-82). . . "Chasing KGB moles in ASIO (TRIB 10-27-82).

President Nixon ordered the CIA to assassinate Chilean president Salvadore Allende, and CIA director Richard Helms lied about it in Congressional hearings (*Atlantic*, Dec. 1982). . . "PLO Operative, Slain Reputedly by Israelis, Had Been Helping US," profile of intelligence activities of Ali Hassan Salameh (WSJ 2-10-83). . . "US labor's bag man for the CIA," profile of Irving

Brown (PW 11-20-82). . . Henry Wheldon Johnson, imprisoned in Alabama on murder and robbery charges, claims to have been a mercenary involved in clandestine operations in Singapore, Honduras, the Mideast, Guatemala, Angola, and to have taken part in the 1970 coup against Cambodia's prince Sihanouk. He was also involved in the FBI's attempt to lure Robert Vesco back to the US (AC 11-10-82). . . US covert operations against Libya (CSM 12-7-82). . . "Libyan Hit Squad Rumors Go as Mysteriously as They Came" (SDU 10-20-82). . . "How MI5 sacrificed Stephen Ward," a fall guy in the Profumo scandal who committed suicide (ST 11-28-82). Leaks of highly classified NATO information indicate that a well-placed spy in the British military has been active for years (*Defense Electronics*, 7-82). Despite a 1976 order by then Prime Minister Wilson, Britain's intelligence agencies have permitted South African agents to operate in London with impunity, even setting up major illegal arms deals (LO 12-19-82). . . "American Spies Feel Left Out in the Cold, Seek Fringe Benefits" (WSJ 11-11-82); "US Official Finds 22 Ex-Spies Entitled to Pensions, Benefits" in Task Force 157 case (WSJ 11-30-82). . . David Wise reviews John Loftin's *The Belarus Secret*, a study of CIA support for Nazi refugees (WP 12-19-82). . . "Casey and his CIA on the rebound"--biggest peacetime buildup of the Agency since the early 1950s (NYT Magazine, 1-16-83). . . Interview with Bobby Inman, former head of NSA and Deputy Director of CIA (*Military Electronics*, Jan. 1983; USN 12-20~82). . . CIA-connected "Vietnamese rightists threaten terrorism here" (TRIB 11-24-82). . . "1947 transcript cites Abwehr aid to US in (World War II)" (BS 12-22-82). . . "CIA Boosts Intelligence Role Using High-Tech Electronics" (*Defense Electronics*, Dec. 82). . . "Casey Shapes Up CIA, Survives as Top Spy" (LAT 1-3-83). . . Fight looming over proposal to create a single unified counterintelligence agency in the US (LAT 11-7-82). . . "Nazis Escaped Justice After Helping the CIA" (SFC 11-6-82). . . CIA defense frees five men charged of smuggling guns to the IRA (LO 11-21-82; NDAY 11-15-82; New York, 11-22-82). . . "Spies . . . prime target: US High Tech" (LVS 8-15-82). . . The best source of current information on intelligence activities around the world is BIIC, available from Association pour le Droit a l'Information, 16 rue des Ecoles, 75005 Paris, France. Air mail subscriptions cost 110 Francs per year (cheap). It's in French.

### **Terrorism, extremism**

Neo-nazis are seeking an alliance with leftist terrorists to drive American troops from West Germany, said West German Interior Minister Friedrich Zimmermann. His announcement followed arrest of three members of the extremist Hoffmann group on charges of bombing US military installations in the country. The Hoffman group was also responsible for the Munich Oktoberfest bombing in 1980 which killed 14 people and wounded 144 (NYT 2-19-83; UPI 2-22-83; MH 12-25-82). For more on the phenomenon of "Nazi-Maoism" and Nazi sympathies with the USSR, see PP/USA/5.

Gen. Dozier owes his escape from Red Brigades captors to Franchino Restelli, a Mafia leader imprisoned in Milan who gave authorities the Padua address police needed. Officials were led to Restelli by his former lawyer, Dominic Lombino, who fled Milan to the US to avoid indictment in Italy. Officials found Lombino in turn through a Brooklyn mafioso known as the "Fat Man" (TIME 2-28-83).

In Naples, however, the local mafia, known as Camorra, are cooperating with the Red Brigades. "A connection between political and common criminals exists," said Naples Prefect Riccardo Boccia after the Red Brigades murdered Camorra adversary Antonio Ammaturo, chief of the Naples police (SU 7-18-82).

Gen. Alexander Haig, invited to attend the 1980 world conference of the World Anti-Communist League, wrote: "While I clearly support the ideals and goals of WACL, I must regrettably decline your invitation due to my recent commitment to United Technologies Corporation . . . Your many kind words of esteem have give (sic) me great pleasure, and I would like to convey my best wishes for what I know will be a most successful conference." WACL was denounced by its American chapter in 1973 as a tool of an antisemitic Mexican secret society, Tecos, with strong links to European Nazi groups. The British chapter of WACL similarly exposed WACL ties to the World Union of National Socialists and the fascist MSI party in Italy (SRCH July 1982).

"Reagan taps McDonald source," on Rep. Larry McDonald's Red expert, John Rees, and his charges of Soviet infiltration of the Freeze movement (AJ 11-21-82). . . The fascist Russian emigre organization NTS is active in London (SRCH June 1982). . . Omega 7 takes credit for shooting up a Miami bar (MH 11-16-82), but the FBI seems to have developed an informant in the organization (NDAY 10-20-82). . . Miami exiles hail as hero the recently freed terrorist Gustavo Castillo, convicted in Mexico of attempting to kidnap Cuban consul Daniel Ferrer in Merida in 1976. Ferrer's bodyguard was killed in the attempt (MH 12-18-82). . . Claudia Papa, an Italian fascist implicated in the 1976 murder of Judge Occorsio, was arrested and then quickly released in Spain (CDS 12-8-82). . . "Abu Nidal: The killer works for two masters" (ECON 10-9-82). . . Jorge Gonzalez, commander of the paramilitary Camp Cuba-Nicaragua in Dade County, pleaded guilty to possession of a firearm. He served four years after being convicted of a 1968 bazooka attack on a Polish freighter, organized by Orlando Bosch (MH 7-8-82). Series on Lyndon LaRouche cult (HC 11-7 to 11-9-82); also Dennis King, "Nazis Without Swastikas" (League for Industrial Democracy, 1982). "Terrorists financed by drugs, panel told" (LAT 4-24-82).

## **Miscellaneous**

Sarkis Soghanalian, a Lebanese arms merchant domiciled in Florida, was given five years program and ordered to repay \$1.1 million obtained fraudulently in a 1977 arms deal with Mauritania (MH 12-4-82). Soghanalian was associated with Ed Wilson on the deal.

Soghanalian apparently diverted arms meant for Mauritania to Nicaragua instead, leading to suspicions that he was working for the CIA. In 1978 he attended a White House dinner at the invitation of President Carter. Soghanalian was also a major supplier of arms to Christian forces at the height of the Lebanese civil war (LO6-6-82).

Morris Levy, an executive of Levy Auto Parts of Canada, has been indicted for scheming to sell M60 tank parts to Iran (WP 12-14-82). The Levy family appears to have been involved in complex financial dealings with Michele Sindona and Lansky associate Lou Chelser over Seaway Multi-Corp. Ltd. in the early 1970s.

FBI has produced evidence that a Penn Square Bank VP misappropriated a third of a million dollars on behalf of developer Allen Senall, a former business associate of Allen Wolfson, now serving a 10-year probation violation sentence for illegal campaign contributions. In 1978 he was convicted for defrauding the Key Bank of Tampa. He was indicted more recently for siphoning off \$600,000 from a New Jersey railroad he owned. Wolfson also figures prominently in the collapse of the Metropolitan Bank in Tampa (*Tampa Tribune*, 9-10-82; SPT 9-10-82). He has also been linked to the collapse of the mob-looted Northern Ohio Bank (*Oklahoma City Times*, 8-23-82).

Former President Nixon held an intimate lunch for his closest friends at their rambling home in New Jersey. Among those attending were Baron Guy de Rothschild, Bebe Rebozo, Arnaud de Borchgrave (co-author of *The Spike*), the Empress Farah Pahlavi, Norton Simon chairman David Mahoney, and French industrialist Paul Louis Weiller (*NY Daily News*, 1-18-83). Weiller, an intimate friend, has been called the brain behind the French Connection drug traffic (see Jim Hougan, *Spooks*). He is also recipient of the Grand Cross of Merit of the Order of Malta. Mahoney is a member of the Sovereign Military Order of Malta, to which Gen. Alexander Haig was just inducted (*NY Post* 1-19-83). The Empress Farah's sister-in-law is a known heroin trafficker, as are most of Bebe Rebozo's nephews.

A massive federal investigation, code-named Operation Lone Star, is penetrating the multi-billion-dollar money laundering and drug smuggling operation involving Cayman Island banks, coal tax shelters, and illegal crude oil reselling. Vesco-linked Bahamian financier Donald Aberle is a central target (HC 11-6-82). . . Marc Rich, half owner of 20th Century-Fox Film Corp. is under investigation by a New York grand jury for improperly diverting \$23 million in questionable crude oil profits to a Swiss affiliate (SJM 10-18-82). . . A Cayman Islands bank may have been used to launder hundreds of thousands of dollars in kickbacks to Teamster Central States Pension Fund officials who made a mortgage loan on the C&S Golf and Country Club on Long Island (NDAY 6-30-82). . . Rep. Charles Wilson (D-Tex.), a key Somoza/South Korea lobbyist implicated in all manner of ethic scandals (but who nonetheless served on the House Ethics Committee) is under investigation for using marijuana and cocaine (SJM 1-21-83). Japanese government prosecutors are demanding that former Prime Minister Tanaka receive a five-year hard labor sentence for his role in the Lockheed bribes scandal (SJM 1-27-83). . . Jack Wesley Savage, an American wanted in Florida for taking part in one of the biggest marijuana trafficking rings of all time, is in London acting as an investment adviser. In 1970 he was convicted for fraud in the US (LO 11-14-82). . . "Rep. Hansen didn't report \$135,000 sum he owed to bank swindler, records show" (WSJ 12-2-82). . . Felipe De Diego, former Watergate burglar, received SBA loans which he divied up with fellow "plumbers" Frank Sturgis and Virgilio Gonzalez (MH 12-17-82). "Bonn Bribery Scandal Spreads for Politicians" (NYT 12-13-82). "(Union City New) Jersey Mayor is Found Guilty of Conspiracy in Bid Rigging" (NYT 12-23-82). . . Andreas Jenni, a Swiss arms dealer involved in sending US-made tank parts to Iran from Israel, has been arrested on fraud charges (MH 12-18-82).

## **Brief Notes on the Political Importance of Secret Societies**

Jonathan Marshall

Most Western political scientists, following in the traditions of Marx or Weber, scorn the study of secret and occult societies as irrelevant to understanding the politics of the age. In their view, politics can best be understood as the working out, in public arenas, of bureaucratic, interest group, or class struggles. The study of secret societies smacks instead of pursuing discredited “conspiracy” theories of history. In part, this attitude stems from a general ignorance of the existence and power of such groups. But they do exist: “modernization” has not made them a thing of the past. Their importance derives both from the quality and influence of the members as individuals, and, equally important, from the tight bonds that unite the members into a cohesive organization. These bonds are formed by the rituals, initiation rites, and occult ideologies that make such societies more exclusive and committed than social clubs or political parties. For that reason, secret societies can wield an influence far beyond what their limited membership might suggest.

What follows, in rebuttal to the conventional wisdom, is a brief overview of the role played by a handful of secret and semi-secret societies in four major Western countries: Spain, France, Italy and the United States.

### **Spain**

Founded in 1928 by the lawyer-turned-priest Jose Maria de Balaguer, the Sacerdotal Society of the Holy Cross and Opus Dei (best known just as Opus Dei) has become one of the most powerful, and politically committed, of Catholic lay societies. Opus Dei brings together faithful Catholics - businessmen, financiers, military officers, and government officials - who seek sanctity in the exercise of their professions; in practice, it promotes the technocratic, authoritarian organization of society reminiscent of the early Vichy period in France. In 1950, Opus Dei ideologist Rafael Calvo Serer called organized Catholicism “a potential force such as (the Vatican) has not had since the Council of Trent.” As for Spain, “she must throw herself into the construction of international action that will prepare the future: the International of Elites” to challenge International Communism and the International of the Dollar.

Opus Dei was slow to gain recognition and power. In Spain it received official recognition from the Bishop of Madrid only in 1941; the Vatican accepted it as a secular order in 1950. Thereafter its influence spread rapidly, particularly during the late Franco period. By the end of the 1960s, the “three Lopez’s” - Lopez Rodo, Franco’s Minister of Economic Planning, Lopez Bravo, Minister of Industry and later Foreign Minister, and Lopez Letona, Minister of Commerce and later of Finance - all belonged to Opus Dei. In 1969 a total of 18 government ministers belonged to or sympathized with the order. Today, Opus Dei controls the votes of about one-fifth of Spain’s parliamentary deputies, as well as the capital of numerous banks, conglomerates and construction firms. Its influence has spread to the Vatican, where Pope John Paul 2 recently recognized it as a “personal prelature”; to

Latin America generally, where Archbishop Lopez Trujillo, an Opus Dei ally, is now President of the Latin American Conference of Bishops; to Chile, where the Opus Dei magazine *Que Pasa* conspired against the regime of Salvatore Allende (1); and to the United States, where David Kennedy, President of Continental Illinois Bank is said to be a “conspicuous friend of the new power brokers in the Order of Opus Dei.”

In France, Opus Dei has had a particularly notable influence going back as far as 1938. It became strong in the army and among ex-Vichyites and right-wing Catholic integristes. It was said to have influenced Robert Schumann, Antoine Pinay and Paul Baudoin, former President of the Banque de l’Indochine and Vichy Foreign Minister. Above all, however, Opus Dei made inroads through Baudoin’s protege Edmond Giscard, who shared a variety of colonial enterprises with the BIC group. Edmond, father of Valery, was President of the Banque des Interêts Français (BIF), of which minority control rested with Opus Dei’s Banco Popular Espanol.

Another Opus Dei connection was forged through the treasurer of Valery Giscard d’Estaing’s Independent Republican Party, the Prince Jean de Broglie. De Broglie was President of a Luxembourg firm, Sodetex S. A., an affiliate of the Spanish textile firm Matesa, which was at the center of an enormous Opus Dei-linked financial scandal that rocked the Spanish government in the late 1960s. There is evidence that the Opus Dei-Matesa network siphoned off money for the campaign of Giscard, who shared their technocratic, anti-political prejudices. (Matesa also allegedly donated \$10,000 to the campaign of Richard Nixon for U. S. President in 1968.) These connections between Opus Dei, Giscard, and De Broglie have been raised as a possible motive for the assassination of De Broglie.

### **Italy**

Opus Dei’s tentacles also reach into Italy, where the organization has lobbied hard in the Vatican against the Jesuit order, in particular by exposing the links between certain Jesuits and freemasonry. (3)

The Catholic Church, of course, has long been hostile to anti-clerical freemasonry, with the exception of a brief period of liberalization in the late 1970s that was promoted quietly by such leading Jesuits as Father Giovanni Caprile, the official historian of the Vatican. But then, in March 1981, the Holy See reminded the faithful that Catholics “are forbidden under pain of ex-communication from joining Masonic or similar associations.” The timing of the proclamation, which caught many by surprise, was no accident; the Church hierarchy had advance knowledge of, and was disclaiming any responsibility for, the forthcoming scandal over Italy’s notorious P2 masonic lodge. (4)

The existence of the lodge had long been known by close observers of the Italian scene; its name had been raised repeatedly in connection with official investigations of neo-fascist outrages of the 1970s. But in May 1981 Italian authorities released a list of 963 members - a list that shook the nation and led to the collapse of the government and the wholesale replacement of military, intelligence and civil service personnel.

The lodge was headed by Licio Gelli, a wealthy businessman who had fought with the Falange in Spain and then for the fascist Republic of Salo in the last days of Nazi rule in Italy. Gelli's purposes were revealed by his declaration in 1976 that "masonry hates communism because it is contrary to the idea of the dignity of personal individualism, destroyer of fundamental rights, which are the divine inheritance of all men, and enemy of the fundamental masonic principle to have faith in God." (5) Judging by the membership of the lodge, Gelli intended to organize nothing less than a counter revolutionary cell, either to overthrow the democratic state (as several P2 members tried to do in the early 1970s), or to prevent a Communist take-over. The members included three cabinet ministers from the Arnaldo Forlani government; the heads of Italy's three main intelligence services; the chiefs of staff of the army, navy and defense ministry; the heads of the carabinieri and the paramilitary customs police; 18 members of parliament, 21 judges, top corporate executives, influential journalists and foreign political and business figures, especially from Latin America. (6) Ironically, the lodge also included the notorious swindler Michele Sindona, banker to the Vatican whose influential American collaborator, David Kennedy, is close to the anti-masonic Opus Dei.

Gelli swore his initiates to secrecy and made them take an oath "to aid, comfort, and defend my brothers in the order, even at the risk of my own life." An official investigation summed up the significance of Gelli's 'state within a state': "Lodge P2 is a secret sect that has combined business and politics with the intention of destroying the constitutional order of the country." (7)

## **France**

One of the many secret dossiers found in Gelli's possession was entitled "Sovereign Military Order of the Temple of Jerusalem." According to the Communist paper *La Marseillaise*, Gelli had direct dealings with the French branch of the Templars. One of the French Templar initiates was Jaques Massie, former leader of the Gaullist Service d'Action Civique (SAC) in the south of France, who was found murdered with all his family at Auriol on the outskirts of Marseilles. Massie had allegedly been involved in the traffic of arms from Turkey to the Italian Red Brigades and to right-wing hit teams in Spain and Italy. He was accused of diverting more than Frs. 2 million in proceeds from one such deal in March 1981 to finance Giscard d'Estaing's presidential fund, against the wishes of his Gaullist superiors in SAC and the Templars - for which crime he may have paid with his life. (8) Gelli himself was said to have met in Marseilles with the French Templars, and to have stayed at a villa frequented by extreme right Italians close to SAC and the fascist *Ordre Nouveau*. (9)

The Sovereign Military Order of the Temple of Jerusalem is the 19th century incarnation of the original Templars who fought to secure routes to the Holy Land for pilgrims during the era of the Crusades. In 1307 Philippe Le Bel, King of France, crushed them and confiscated some of their enormous holdings, ostensibly because they had begun to propagate heretical religious views. Templar Grand Master Jaques de Molay was burned at the stake on March 19, 1314.

Modern Templars, somewhat wistfully, trace their origins back to the 14th century. Members of the Knights Templars did indeed survive the first inquisition in Portugal and Scotland, where according to tradition they founded the Scottish Rite of Masonry and the Rosicrucian sect. (10) Today the Templar order has branches in numerous Western countries. In the United States it is called the Priory of St. George and includes “many people of good social position.”(11)

In France, its members include key government officials, bankers and other dignitaries, including Charles de Gaulle’s close associate General Zdrojewski, a Resistance hero who headed the order in France. His assistant, Colonel Moreau, has ties to SDECE, the French foreign intelligence service. Leading Gaullists, most notably Pierre Lemarchand, saw the potential of controlling the Templars to gain occult political influence and intelligence. He ordered a former ranking member of SAC, Charles Lascorz, to infiltrate and take over the Templars. Through fraud and strong-arm tactics - methods that came naturally to Lascorz, who was as proficient at blackmail as he was at gold and arms smuggling - Lascorz did take control and staff key offices of the Templars with trusted associates from SAC. Its influence should not be underestimated; as one Lascorz associate observed, “On trouve des templiers a tous les post clef de la police, de l’armee, de la radio, de la television, et des differents ministeres. Jamais de SAC N’est parvenu a un tel degre d’organization et de puissance.”(12)

As one authority has noted, “Templars are a veritable industry in France.” This holds true both in terms of the endless outpouring of books and articles on the history of the Templars and the Cathars in the Languedoc region (including speculation on the fate of the legendary Templar fortune and the Holy Grail), but also in terms of the proliferation of secret societies. Several societies in France besides the Sovereign Military Order of the Temple of Jerusalem harken back to Templar origins. One of these, the monarchist Priore de Sion, has recently attracted much attention (13)

Another even more mysterious ‘Templar’ group was briefly exposed in 1960. It was said to be a wealthy secret society with a core group of about 30 members. Like Opus Dei, it was close to Catholic integristes and franquiste circles, with connections in Spain and Germany. Its members, supported by OAS cells in Algeria, were said to be extreme monarchists, anti-masonic and anti-communists. (14)

One of the leaders of this Templar group was Constantin Melnik, a technical counsellor to Prime Minister Michel Debre. His job was to co-ordinate the various police and intelligence services (SDECE, DST, Surêté, RG. ) (15) It was rumored that he was associated with Radio Free Europe (a CIA project) and the U. S. Air Force’s think-tank, Rand Corporation. Melnik had joined the Rassemblement des Gauches Republicaines whose secretary general, Jean-Louis David, was founder of the CIA backed Paix et Liberte.

But Melnik’s family background is in some ways even more interesting. He was born in France of White Russian parents. His grandfather on his mother’s side was Eugene Botkin, personal physician to Czar Nicholas 2 and the imperial family. Botkin was killed by the Bolsheviks, allegedly along with Nicholas and the rest of the Czar’s family. Botkin married

Constantin Melnik Snr in 1918 and fled to France via the Balkans. Her son, also Constantin, was born in 1927. Mrs. Melnik, along with her brother Gleb Botkin, became a staunch defender of the claims of Anna Anderson to be Anastasia, one of the Czar's daughters whom history recorded as having died with the rest of her family. (16) Her claim rests upon a substantial body of documentary evidence. (17) Thus we can see that Melnik's background would have conditioned him to the sort of conspiratorial, right-wing politics characteristic of emigre White Russian communities.

### **United States**

Anna Anderson was not the only Anastasia claimant; her chief rival in the United States was Mrs. Eugenia Smith. Smith's claims, although considered shaky by the best scholars, were powerfully supported by the testimony of one Michael M. Goleniewski, who hailed from Poland yet claimed to have known Anastasia as a child. In his Polish identity, Goleniewski was, verifiably, perhaps the most important official from East Bloc intelligence ever to defect into the arms of the CIA. Goleniewski joined the Soviet intelligence apparatus in Poland at the end of WW2, and by 1955 had reached the rank of colonel and deputy chief of Glowny Zarzad Informacji, the Polish intelligence agency. His responsibilities included counterintelligence and foreign technical espionage. In April 1958 he contacted the Americans and began passing top secret information to the West. At Christmas, 1960, fearing that his cover was blown, he defected to the United States. In all, he transmitted or brought with him more than five thousand pages of documents on Soviet, East German and Polish intelligence.

His most important contribution was in the field of counterintelligence, the murky world of plugging leaks and catching 'moles' who work secretly for foreign services. According to his admirers, Goleniewski's leads and information led to the capture of a small army of Soviet 'moles' in Britain, Sweden, West Germany, Israel, Denmark and France. His most important catch was the high-ranking MI6 official George Blake, whose unmasking led in turn to the exposure of Kim Philby, the most famous 'mole' of all time.

Most disturbing of all, however, for the CIA, was Goleniewski's claim that the East Bloc intelligence services were receiving timely information from a source or sources within the CIA itself. According to one CIA counterintelligence officer, Goleniewski was 'the first and primary source' on a 'mole' in the Agency. In short, if Goleniewski is to be believed, the CIA was as penetrated by Russian agents as the British services had been. His accusations led to a controversy that has raged for more than twenty years over the reliability of US intelligence. The CIA's counterintelligence chief, James Angleton, was convinced that Goleniewski was a KGB plant or provocation agent, and distanced the Agency from the Polish defector. Nonetheless, Angleton came to accept the claim of a later defector, Anatoli Golitsyn, who confirmed that the CIA had indeed been penetrated. (18)

Among the Americans identified by Goleniewski as Soviet agents was none other than Henry Kissinger, whom Goleniewski claimed to have recruited shortly after WW2 while working in the Army's counterintelligence corps in Germany. This claim supported by former Army intelligence agent Frank A. Capell - naturally undermined Goleniewski's

credibility in some circles. More damaging, however, was Goleniewski's claim not to be Polish at all, but rather the true heir to the Russian throne, the Czarevitch, son of Nicholas 2. According to Goleniewski, he escaped with his father and the entire Imperial Family; the execution was merely a politically contrived cover story.

Goleniewski's announcement immediately made his position at the CIA all the more untenable, yet he was not without influential supporters. His most highly placed admirer was Herman E Kimsey, a former Army intelligence officer who served as CIA's Chief of Research and Analysis from 1954 to 1962. As Allen Dulles' right-hand man, Kimsey was also said to have been in charge of recruiting assassins for the Agency. Forced out of the CIA with Allan Dulles following the Bay of Pigs fiasco, Kimsey later asserted publicly that Goleniewski had been tested by CIA experts for fingerprints, blood diseases, dental work, and other characteristics, and had been confirmed as the Czarevitch.

Others who supported Goleniewski's lineage included the John Birch Society (through its journal *American Opinion*), the Philadelphia-based lay Catholic Order of the Carmelites (an anti-communist organization), the conservative journalist Guy Richards, the Synod of Bishops of the Russian Orthodox Church Outside of Russia, and the Sovereign Order of St. John of Jerusalem, Knights of Malta. In 1981 the Synod of Bishops of the Russian Orthodox Church Outside of Russia, the religious arm of the White Russian Community, canonized the Imperial family as martyrs to the Bolsheviks. In short, they do not now recognize Goleniewski's claim that the family survived. In 1964, however, the Synod married him in an Orthodox ceremony under the name of Alexei Nicholaevich Romanov. (19) The Synod's late change of heart may reflect the fact that a major source of its funding, the Tolstoy Foundation, was a leading conduit of funds from the CIA, which had lost faith in, and was trying to discredit Goleniewski.

Goleniewski's most constant defender was the Knights of Malta (SOJ) based in Shickshinny, Pennsylvania, which asserted a rightful lineage back to the original Knights of St. John of Jerusalem who rivalled the Templars as leaders of armed Christendom in the early Middle Ages. The order claimed its legitimacy in 1878 from protection granted it by Czar Peter I of Russia following Napoleon's seizure of Malta, then the home base of the Knights. Peter I was also the alleged founder of the Secret Circle, a group of Church and Army leaders who pledged to protect God and Country. This clandestine patriotic organization, to which Goleniewski said he belonged, supposedly infiltrated its modern followers into almost every intelligence agency in Europe in order to battle the Bolshevik menace. (20)

The SOJ rests upon an ecclesiastical alliance of Roman Catholics, traditionalist Old Roman Catholics, and Russian Orthodox believers. Its members refer to the New Mass as an "unspeakable abomination" and take violent exception to the "infidel marauders" who have corrupted the Vatican in recent years. The order's former grand master, Col. Thourot Pichel, said the foundations of Christianity were "about ready to face destruction" from the "world menace of Marxism and Moscow" unless the Catholic Traditionalist Movement and the SOJ could turn the tide. (21) Another spokesman refers to the SOJ as "the army of the

Catholic Church” and boasts that as an army the SOJ devised a tunnel finder device for use by American troops in Vietnam. (22)

The SOJ’s membership reads like a who’s who of military and intelligence veterans. Its ‘two associate chiefs of international intelligence’ in 1970 were Herman Kimsey and former Army intelligence officer, Kyril de Shismarev. Shismarev, whose father had commanded a regiment in Russia’s pre-war Imperial Guard, had known Alexei Romanov as a youth and vouched for Goleniewski. (23) On the order’s ‘military affairs committee’ sat, among others, Maj. Gen. Charles A. Willoughby, Douglas MacArthur’s chief of G-2 in the Pacific theatre, and a renowned right-winger; Lt. General P. A. del Valle, a member of the neo-Nazi Liberty Lobby and the National States Rights Party (24); Admiral Charles M. Cooke, former commander of the Far Eastern Fleet and an unofficial adviser in 1950 to the armed forces of the Republic of China; and Lt. Col. Philip Corso, a 20-year veteran of Army intelligence (25) who went to work for Senator Strom Thurmond (R-SC) and once sued liberal columnist Drew Pearson for defamation. (26) Finally, the Honorary Grand Admiral of the SOJ is Admiral Sir Barry Domville, a former British intelligence chief who was interned during WW2 as a fascist sympathizer (27).

Goleniewski’s leading defenders in the SOJ have a curious but important relationship with the unfinished investigation of the assassination of President John F. Kennedy. For example, the Army intelligence officer, Philip Corso identified Lee Harvey Oswald as a CIA ‘asset’ and named the alleged CIA officials whom Oswald allegedly contacted in Moscow during his ‘defection’ to the Soviet Union. The CIA’s Herman Kimsey, right-hand man to Allen Dulles who later served on the Warren Commission, allegedly had firsthand information implicating the KGB in Kennedy’s assassination. In this scenario Oswald thought he was working for US intelligence when the KGB duped him into joining the plot.

Kimsey, now dead, has a spokesman in Hugh McDonald, former Chief of Detectives of the Los Angeles County Sheriff’s Department, who says he also served as an Army intelligence officer and CIA contract agent. In the Fall of 1964, Kimsey, having retired from the CIA with Dulles, was working with McDonald, then Chief of Security for Republican Presidential candidate Barry Goldwater. Kimsey allegedly told McDonald at that time details of the plot to kill Kennedy. The actual assassin, Kimsey maintained, was a contract killer sometimes employed by Kimsey on behalf of the CIA. In his book *Appointment in Dallas* (1975), McDonald says he tracked this killer down in London and learned from him that the paymaster for the hit, codenamed ‘Troit’, set Oswald up as a patsy.

Who was ‘Troit’? McDonald ‘reveals’ in his later book *LBJ And The JFK Conspiracy*, that the KGB planned the assassination between 1961 and 1963. (Interestingly enough, McDonald’s co-author, Robin Moore, produced the film MacArthur with funds from the Unification Church of Sun Myung Moon, whose New York newspaper, News World, has accepted Goleniewski as the Czarevitch. ) The John Birch Society organ *American Opinion*, which also backs Goleniewski, buys the McDonald thesis and suggests that

‘Troit’ was none other than George De Morenschildt, a White Russian geologist with strong connections to French and American intelligence who became Oswald’s patron in Texas in 1962 and ‘63. American Opinion acknowledges as the source of this hypothesis the veteran Army intelligence officer Frank Capell, who succeeded Col. Pichel as head of the Shickshinny order of the SOJ and who, as we have seen, defended Goleniewski’s assertion that Kissinger was a Soviet agent. (28)

But Capell was not the first to finger de Morenschildt. In 1967, according to an FBI memo, McDonald himself and his friend Leonard Davidov, a fellow CIA contract agent, friend of Kimsey, and Goldwater security staffer, sought information about de Morenschildt’s involvement in the assassination from I. Irving Davidson, a CIA-connected Washington lobbyist for Haiti, a country where de Morenschildt was actively pursuing business deals and intelligence missions. (29)

In short, the McDonald/Kimsey/Capell network appears to have been a disinformation clique centered around the SOJ, and aiming to smear the Soviets (and Goldwater opponent Lyndon Johnson) with responsibility for one of the great political crimes in American history. But there is a special relevance here for the Goleniewski case. Following the JFK assassination a Soviet defector, Yuri Nosenko, claimed that he had access to the Oswald file in the Soviet Union, and to know that Oswald was never recruited or even questioned by the KGB during his stay in that country. Nosenko’s story fell down on numerous points, and the CIA’s counterintelligence branch concluded that he was a provocation agent, a KGB agent meant, among other things, to mislead the United States about Oswald’s relationship with Soviet intelligence. This interpretation of Nosenko’s defection has been adopted by the journalist Edward Epstein, who concludes in his book *Legend* that Oswald did shoot the president and that both he and de Morenschildt had worked for the KGB. Epstein is now an avid defender of Goleniewski, whom he refers to as Romanov. (30) The fact that Nosenko was ultimately rehabilitated within the CIA, and the counterintelligence bureau decimated in a purge that culminated in late 1974 with the firing of James Angleton, suggests to Epstein that Goleniewski was right: the CIA had been penetrated at the top by one or more Soviet ‘moles’ who protected Nosenko at the expense of loyal agency officials. Thus the Epstein/Macdonald/Kimsey scenario for the JFK assassination is intimately supported by their position on the Goleniewski/mole question.

The stakes are high in this controversy: nothing short of blaming the KGB for the assassination and exposing leading CIA officials as traitors. But the matter goes farther than that. In a recent issue of *Commentary* magazine, Epstein argues that the United States should shun arms control negotiations with the Soviet Union because the CIA’s ability to verify such an agreement has been neutralized through ‘disinformation’ and double agents within the agency. Although Epstein does not cite the Goleniewski case directly, his argument is a direct outgrowth of his conclusions reached through conversations with that defector and with veterans of CIA counterintelligence. Thus the twenty-year dispute over Goleniewski’s bona fides continues to impinge on the highest levels of national policy. (31)

## **A note on SMOM**

The SOJ is not recognized by most historians as the legitimate successor to the crusading Knights of St. John of Jerusalem. The ‘true’ organization is, instead, generally accepted to be the papal order, Sovereign Military Order of Malta. The 10,000 members of this order, scattered throughout the globe, are pledged to defend the Church and to carry on the hospitaller tradition of the original knights. According to Steven Birmingham, “The Knights of Malta comprise what is perhaps the most exclusive club on earth. They are more than the Catholic aristocracy; they are the nobility, royalty. While the Knights of Columbus are associated with lodge meetings and bingo, the Knights of Malta can pick up a telephone and chat with the Pope.” A total of forty countries recognize SMOM’s sovereignty and accredit its ambassadors. (The Vatican recently upgraded its relationship with SMOM to ambassadorial level. AP 11 January 1983)

SMOM’s membership suggests an occult political significance rivalling that of Italy’s P2 lodge. Indeed, there was considerable overlap between the two, even though staunch Catholics like those in SMOM have long been warned away from freemasonry. One of Licio Gelli’s closest collaborators was the SMOM ambassador to Montevideo, Umberto Ortolani, who gave Gelli refuge after his flight from Italy. Ortolani was also the Uruguayan representative of the recently failed Banco Ambrosiano in Italy. Other joint members of SMOM and P2 included Admiral Giovanni Torrisi, chief of staff for defense; General Giulio Grassini, head of the internal intelligence agency SISDE; General Giuseppe Santovito, head of military espionage and counterintelligence; General Giovanni Allavena, an officer in the old intelligence agency SIFAR; and Giovanni Guidi, president of the Banco di Roma. Altogether at least three presidents of the Republic, three prime ministers, and five chiefs of staff were members of SMOM.

In the United States the list is no less impressive. Leading businessmen, politicians, and professionals have eagerly joined its ranks; Frank Sinatra even turned to his mafia contacts in an unsuccessful bid to become a member. But a significant number of intelligence veterans are also members. These include William Casey, currently director of the CIA; John McCone, former director of the CIA; and Clare Booth Luce, a member of President Reagan’s foreign intelligence advisory board. Two of the highest honors bestowed by the Italian branch of SMOM were awarded in 1946 and 1948 respectively, to James Angleton, then a young veteran of OSS (who would soon take charge of the Vatican desk at the CIA), and Reinhard Gehlen, the Nazi spy who oversaw the post-war reconstruction of German intelligence under CIA auspices. (32) The Angleton connection to SMOM is suggestive in view of his opposition to the SOJ backed Michael Goleniewski. (33)

The existence of so many intelligence veterans in both Knights of Malta organizations, and their polarization around the Goleniewski issue, may point to the existence of powerful cliques within the American intelligence community. We have other evidence of just such a phenomenon. Former CIA officer David Atlee Phillips writes of “that small circle of well-bred, highly educated adventurers who were known to some in the CIA as the ‘Knights Templars’ - Allen Dulles, Frank Wisner, Kermit Roosevelt, Tracey Barnes, Dick

Bissell, and kindred spirits.” (34) Other CIA veterans have confirmed the existence of similar associations within the agency, with names like the “Century group” and the “Gold Key group”. Further research is obviously needed to uncover the membership and significance of these secret societies within the intelligence communities themselves.

These examples of the role of secret societies in Western society are hardly exhaustive. One could mention the fascist-inspired Ordre de Jaques Cartier which ruled the province of Quebec for 30 years and still exercises enormous influence; the Round Table groups in Britain and the Commonwealth countries; or, leaving the West, the Triads and other societies that organize the social and political fabric of overseas Chinese communities. Even with these few examples, however, it should be clear that secret societies continue to proliferate in the “modern” world and, in some specialized spheres at least, can influence or even decide important policy debates. Their methods, needless to say, are non- or anti-democratic, which explains the authoritarian character of so many of them. Essentially, secret societies like those described here are instruments designed to covertly seize state power. Because they rely so heavily on secrecy as a *modus operandi*, exposure is the best means to dismantle them. This article is a call for further work in exactly that direction.

#### Notes

1. Donald Freed and Fred Landis, *Death in Washington*, p104.
2. *Times*, 12th January 1981; *New Times* (USSR) No 13 1982; *High Times* (US) August 1980; Jesus Ynfante, *Un Crime Sous Giscard* (Paris 1981).
3. *Il Mondo*, 26th June 1981.
4. *Sunday Times*, 29th May 1981.
5. *Il Mondo* op. cit.
6. *Attenzione*, December 1981.
7. *Time*, 8th June 1981.
8. *New York Times*, 17th November 1981; *Searchlight* October 1981.
9. *Panorama* (Milan), 10th August 1981.
10. French masons, part of a so-called ‘propaganda’ cell, conspired against Louis XVI in the name of the memory of Jacques De Molay. (Michael Baigent et al., *Holy Blood, Holy Grail*. (1983) pp52/53 Here it should be mentioned that masonry in France is still of political significance. It is split into several organizations. The French Grand Orient is politically liberal, and has sharply attacked the Nouvelle Ecole school in its journal *Humanisme* (March 1981). The more conservative, pro-British Grande Loge Nationale Francais is based in Neilly-sur-Seine, and enjoys the support of fellow mason General Lyman Lemnitzer, who inaugurated its new temple in 1964 when he was NATO commander-in-chief. The newer, anti-British faction of the Grand Lodge, called Opera, includes the occultist and Nouvelle Ecole doyen Louis Pauwels. Les Francs-masons Alain

- Guichard (Paris 1969) p278; *Le Crapouillot*, February 1981. 11. Lt. Col. Gayre, *The Knightly Twilight* (Malta, no publication date) pp76-79.
12. S. Ferrand and G. Lecavelier *Aux Ordres du SAC* (Albin Michel 1982).
13. *Holy Blood, Holy Grail* note 10.
14. *Les Documents politiques diplomatiques et financiers*, April 1960.
15. Melnik wrote the introduction to the French edition of the CIA prepared *Penkovsky Papers*.
16. Guy Richards, *Hunt for the Czar* (London 1969) pp142/3; *Les Documents* etc (note 14) August 1960.
17. Anthony Summers and Tom Mangold, *The File On The Czar* (London 1978).
18. David Martin, *Wilderness of Mirrors* (New York 1981) p103.
19. Peter Koltypin, letter to author 10 October 1981; Guy Richards, *Imperial Agent* (New York 1966) p 247.
20. Richards pp91-93 21. Col. Thourot Pichel, *History of the Hereditary Government of the Sovereign Order of St John of Jerusalem, Knights of Malta* (Shickshinny, Pa. 1970).
22. James Wathen, *Is the Order of St. John Masonic?* (Rockford, Ill. Tan Books 1973).
23. Shismarev helped Goleniewski track down the remnants of the Czar's fortune. One of Shismarev's contacts was his "old friend and retired banker" Rudolph Iselin of Basle, whose (son?) Felix was an IG Farben agent before and during WW2.
24. Del Valle has charged - in the spirit of Goleniewski and Frank Capell - that "the conspiracy headed by Dr. Kissinger is clothed in pseudo legality through our surrender . . . of our armed forces" (*Washington Observer*, 1 May 1971).
25. Guy Richards calls Corso "one of the most remarkable men in Washington." Corso, he writes, "has made personal friends in the CIA, FBI, Defense Intelligence Agency, NSA, Army, Navy, Air Force and Marine Corps whose loyalty to him transcends bureaucratic boundaries whenever they believe the interests of the country are at stake." (*Imperial Agent* p24)
26. Pearson also happened to be one of Goleniewski's detractors, thanks to CIA leaks. Corso was a leading Goleniewski defender. (*Imperial Agent* p267)
27. Col. Pichel *History* op. cit.
28. American Opinion March and February 1976 on Goleniewski and the JFK assassination
29. House Select Committee on Assassinations, appendix, pp. 57-59.
30. *Houston Post*, May 30 1981.

31. *Commentary*, July 1982, 32. Kevin Coogan, "The Men Behind Counter-reformation," *Parapolitics/USA* 6; *L'Espresso* 28 June 1981.

33. Angleton did, however, have an obscure connection to SOJ through his early literary mentor, Ezra Pound. Pound refers in his later cantos to P. A. del Valle, a member of the SOJ military affairs committee. And Mary Pound de Rachewiltz met her husband Boris at a picnic with the Princess Troubetzkoi, whose husband is one of the leaders of the Pichel order.

34. D. A. Phillips, *Night Watch* (New York 1977), p 123.

## **Brief Notes on the Political Importance of Secret Societies**

Jonathan Marshall

Most Western political scientists, following in the traditions of Marx or Weber, scorn the study of secret and occult societies as irrelevant to understanding the politics of the age. In their view, politics can best be understood as the working out, in public arenas, of bureaucratic, interest group, or class struggles. The study of secret societies smacks instead of pursuing discredited “conspiracy” theories of history. In part, this attitude stems from a general ignorance of the existence and power of such groups. But they do exist: “modernization” has not made them a thing of the past. Their importance derives both from the quality and influence of the members as individuals, and, equally important, from the tight bonds that unite the members into a cohesive organization. These bonds are formed by the rituals, initiation rites, and occult ideologies that make such societies more exclusive and committed than social clubs or political parties. For that reason, secret societies can wield an influence far beyond what their limited membership might suggest.

What follows, in rebuttal to the conventional wisdom, is a brief overview of the role played by a handful of secret and semi-secret societies in four major Western countries: Spain, France, Italy and the United States.

### **Spain**

Founded in 1928 by the lawyer-turned-priest Jose Maria de Balaguer, the Sacerdotal Society of the Holy Cross and Opus Dei (best known just as Opus Dei) has become one of the most powerful, and politically committed, of Catholic lay societies. Opus Dei brings together faithful Catholics - businessmen, financiers, military officers, and government officials - who seek sanctity in the exercise of their professions; in practice, it promotes the technocratic, authoritarian organization of society reminiscent of the early Vichy period in France. In 1950, Opus Dei ideologist Rafael Calvo Serer called organized Catholicism “a potential force such as (the Vatican) has not had since the Council of Trent.” As for Spain, “she must throw herself into the construction of international action that will prepare the future: the International of Elites” to challenge International Communism and the International of the Dollar.

Opus Dei was slow to gain recognition and power. In Spain it received official recognition from the Bishop of Madrid only in 1941; the Vatican accepted it as a secular order in 1950. Thereafter its influence spread rapidly, particularly during the late Franco period. By the end of the 1960s, the “three Lopez’s” - Lopez Rodo, Franco’s Minister of Economic Planning, Lopez Bravo, Minister of Industry and later Foreign Minister, and Lopez Letona, Minister of Commerce and later of Finance - all belonged to Opus Dei. In 1969 a total of 18 government ministers belonged to or sympathized with the order. Today, Opus Dei controls the votes of about one-fifth of Spain’s parliamentary deputies, as well as the capital of numerous banks, conglomerates and construction firms. Its influence has spread to the Vatican, where Pope John Paul 2 recently recognized it as a “personal prelature”; to Latin America generally, where Archbishop Lopez Trujillo, an Opus Dei ally, is now President of the Latin American Conference of Bishops; to

Chile, where the Opus Dei magazine *Que Pasa* conspired against the regime of Salvatore Allende (1); and to the United States, where David Kennedy, President of Continental Illinois Bank is said to be a “conspicuous friend of the new power brokers in the Order of Opus Dei. ”

In France, Opus Dei has had a particularly notable influence going back as far as 1938. It became strong in the army and among ex-Vichyites and right-wing Catholic integristes . It was said to have influenced Robert Schumann, Antoine Pinay and Paul Baudoin, former President of the Banque de l’Indochine and Vichy Foreign Minister. Above all, however, Opus Dei made inroads through Baudoin’s protege Edmond Giscard, who shared a variety of colonial enterprises with the BIC group. Edmond, father of Valery, was President of the Banque des Interêts Français (BIF), of which minority control rested with Opus Dei’s Banco Popular Espanol.

Another Opus Dei connection was forged through the treasurer of Valery Giscard d’Estaing’s Independent Republican Party, the Prince Jean de Broglie. De Broglie was President of a Luxembourg firm, Sodetex S. A., an affiliate of the Spanish textile firm Matesa, which was at the center of an enormous Opus Dei-linked financial scandal that rocked the Spanish government in the late 1960s. There is evidence that the Opus Dei-Matesa network siphoned off money for the campaign of Giscard, who shared their technocratic, anti-political prejudices. (Matesa also allegedly donated \$10,000 to the campaign of Richard Nixon for U. S. President in 1968. ) These connections between Opus Dei, Giscard, and De Broglie have been raised as a possible motive for the assassination of De Broglie.

## **Italy**

Opus Dei’s tentacles also reach into Italy, where the organization has lobbied hard in the Vatican against the Jesuit order, in particular by exposing the links between certain Jesuits and freemasonry. (3)

The Catholic Church, of course, has long been hostile to anti-clerical freemasonry, with the exception of a brief period of liberalization in the late 1970s that was promoted quietly by such leading Jesuits as Father Giovanni Caprile, the official historian of the Vatican. But then, in March 1981, the Holy See reminded the faithful that Catholics “are forbidden under pain of ex-communication from joining Masonic or similar associations. ” The timing of the proclamation, which caught many by surprise, was no accident; the Church hierarchy had advance knowledge of, and was disclaiming any responsibility for, the forthcoming scandal over Italy’s notorious P2 masonic lodge. (4)

The existence of the lodge had long been known by close observers of the Italian scene; its name had been raised repeatedly in connection with official investigations of neo-fascist outrages of the 1970s. But in May 1981 Italian authorities released a list of 963 members - a list that shook the nation and lead to the collapse of the government and the wholesale replacement of military, intelligence and civil service personnel.

The lodge was headed by Licio Gelli, a wealthy businessman who had fought with the Falange in Spain and then for the fascist Republic of Salo in the last days of Nazi rule in Italy. Gelli’s purposes were revealed by his declaration in 1976 that “masonry hates communism because it is contrary to the idea of the dignity of personal individualism, destroyer of fundamental rights,

which are the divine inheritance of all men, and enemy of the fundamental masonic principle to have faith in God.” (5) Judging by the membership of the lodge, Gelli intended to organize nothing less than a counter revolutionary cell, either to overthrow the democratic state (as several P2 members tried to do in the early 1970s), or to prevent a Communist take-over. The members included three cabinet ministers from the Arnaldo Forlani government; the heads of Italy’s three main intelligence services; the chiefs of staff of the army, navy and defense ministry; the heads of the carabinieri and the paramilitary customs police; 18 members of parliament, 21 judges, top corporate executives, influential journalists and foreign political and business figures, especially from Latin America. (6) Ironically, the lodge also included the notorious swindler Michele Sindona, banker to the Vatican whose influential American collaborator, David Kennedy, is close to the anti-masonic Opus Dei.

Gelli swore his initiates to secrecy and made them take an oath “to aid, comfort, and defend my brothers in the order, even at the risk of my own life.” An official investigation summed up the significance of Gelli’s ‘state within a state’: “Lodge P2 is a secret sect that has combined business and politics with the intention of destroying the constitutional order of the country.”(7)

## **France**

One of the many secret dossiers found in Gelli’s possession was entitled “Sovereign Military Order of the Temple of Jerusalem.” According to the Communist paper *La Marseillaise*, Gelli had direct dealings with the French branch of the Templars. One of the French Templar initiates was Jaques Massie, former leader of the Gaullist Service d’Action Civique (SAC) in the south of France, who was found murdered with all his family at Auriol on the outskirts of Marseilles. Massie had allegedly been involved in the traffic of arms from Turkey to the Italian Red Brigades and to right-wing hit teams in Spain and Italy. He was accused of diverting more than Frs. 2 million in proceeds from one such deal in March 1981 to finance Giscard d’Estaing’s presidential fund, against the wishes of his Gaullist superiors in SAC and the Templars - for which crime he may have paid with his life. (8) Gelli himself was said to have met in Marseilles with the French Templars, and to have stayed at a villa frequented by extreme right Italians close to SAC and the fascist *Ordre Nouveau*. (9)

The Sovereign Military Order of the Temple of Jerusalem is the 19th century incarnation of the original Templars who fought to secure routes to the Holy Land for pilgrims during the era of the Crusades. In 1307 Philippe Le Bel, King of France, crushed them and confiscated some of their enormous holdings, ostensibly because they had begun to propagate heretical religious views. Templar Grand Master Jaques de Molay was burned at the stake on March 19, 1314.

Modern Templars, somewhat wistfully, trace their origins back to the 14th century. Members of the Knights Templars did indeed survive the first inquisition in Portugal and Scotland, where according to tradition they founded the Scottish Rite of Masonry and the Rosicrucian sect. (10) Today the Templar order has branches in numerous Western countries. In the United States it is called the Priory of St. George and includes “many people of good social position.”(11)

In France, its members include key government officials, bankers and other dignitaries, including Charles de Gaulle’s close associate General Zdrojewski, a Resistance hero who headed the order in France. His assistant, Colonel Moreau, has ties to SDECE, the French foreign intelligence

service. Leading Gaullists, most notably Pierre Lemarchand, saw the potential of controlling the Templars to gain occult political influence and intelligence. He ordered a former ranking member of SAC, Charles Lascorz, to infiltrate and take over the Templars. Through fraud and strong-arm tactics - methods that came naturally to Lascorz, who was as proficient at blackmail as he was at gold and arms smuggling - Lascorz did take control and staff key offices of the Templars with trusted associates from SAC. Its influence should not be underestimated; as one Lascorz associate observed, "On trouve des templiers a tous les post clef de la police, de l'armee, de la radio, de la television, et des differents ministeres. Jamais de SAC N'est parvenu a un tel degre d'organization et de puissance." (12)

As one authority has noted, "Templars are a veritable industry in France." This holds true both in terms of the endless outpouring of books and articles on the history of the Templars and the Cathars in the Languedoc region (including speculation on the fate of the legendary Templar fortune and the Holy Grail), but also in terms of the proliferation of secret societies. Several societies in France besides the Sovereign Military Order of the Temple of Jerusalem harken back to Templar origins. One of these, the monarchist Prieure de Sion, has recently attracted much attention (13)

Another even more mysterious 'Templar' group was briefly exposed in 1960. It was said to be a wealthy secret society with a core group of about 30 members. Like Opus Dei, it was close to Catholic integristes and franquiste circles, with connections in Spain and Germany. Its members, supported by OAS cells in Algeria, were said to be extreme monarchists, anti-masonic and anti-communists. (14)

One of the leaders of this Templar group was Constantin Melnik, a technical counsellor to Prime Minister Michel Debre. His job was to co-ordinate the various police and intelligence services (SDECE, DST, Surêté, RG. ) (15) It was rumored that he was associated with Radio Free Europe (a CIA project) and the U. S. Air Force's think-tank, Rand Corporation. Melnik had joined the Rassemblement des Gauches Republicaines whose secretary general, Jean-Louis David, was founder of the CIA backed Paix et Liberte.

But Melnik's family background is in some ways even more interesting. He was born in France of White Russian parents. His grandfather on his mother's side was Eugene Botkin, personal physician to Czar Nicholas 2 and the imperial family. Botkin was killed by the Bolsheviks, allegedly along with Nicholas and the rest of the Czar's family. Botkin married Constantin Melnik Snr in 1918 and fled to France via the Balkans. Her son, also Constantin, was born in 1927. Mrs. Melnik, along with her brother Gleb Botkin, became a staunch defender of the claims of Anna Anderson to be Anastasia, one of the Czar's daughters whom history recorded as having died with the rest of her family. (16) Her claim rests upon a substantial body of documentary evidence. (17) Thus we can see that Melnik's background would have conditioned him to the sort of conspiratorial, right-wing politics characteristic of emigre White Russian communities.

## **United States**

Anna Anderson was not the only Anastasia claimant; her chief rival in the United States was Mrs. Eugenia Smith. Smith's claims, although considered shaky by the best scholars, were powerfully supported by the testimony of one Michael M. Goleniewski, who hailed from Poland

yet claimed to have known Anastasia as a child. In his Polish identity, Goleniewski was, verifiably, perhaps the most important official from East Bloc intelligence ever to defect into the arms of the CIA. Goleniewski joined the Soviet intelligence apparatus in Poland at the end of WW2, and by 1955 had reached the rank of colonel and deputy chief of Główny Zarząd Informacji, the Polish intelligence agency. His responsibilities included counterintelligence and foreign technical espionage. In April 1958 he contacted the Americans and began passing top secret information to the West. At Christmas, 1960, fearing that his cover was blown, he defected to the United States. In all, he transmitted or brought with him more than five thousand pages of documents on Soviet, East German and Polish intelligence.

His most important contribution was in the field of counterintelligence, the murky world of plugging leaks and catching ‘moles’ who work secretly for foreign services. According to his admirers, Goleniewski’s leads and information led to the capture of a small army of Soviet ‘moles’ in Britain, Sweden, West Germany, Israel, Denmark and France. His most important catch was the high-ranking MI6 official George Blake, whose unmasking led in turn to the exposure of Kim Philby, the most famous ‘mole’ of all time.

Most disturbing of all, however, for the CIA, was Goleniewski’s claim that the East Bloc intelligence services were receiving timely information from a source or sources within the CIA itself. According to one CIA counterintelligence officer, Goleniewski was ‘the first and primary source’ on a ‘mole’ in the Agency. In short, if Goleniewski is to be believed, the CIA was as penetrated by Russian agents as the British services had been. His accusations led to a controversy that has raged for more than twenty years over the reliability of US intelligence. The CIA’s counterintelligence chief, James Angleton, was convinced that Goleniewski was a KGB plant or provocation agent, and distanced the Agency from the Polish defector. Nonetheless, Angleton came to accept the claim of a later defector, Anatoli Golitsyn, who confirmed that the CIA had indeed been penetrated. (18)

Among the Americans identified by Goleniewski as Soviet agents was none other than Henry Kissinger, whom Goleniewski claimed to have recruited shortly after WW2 while working in the Army’s counterintelligence corps in Germany. This claim supported by former Army intelligence agent Frank A. Capell - naturally undermined Goleniewski’s credibility in some circles. More damaging, however, was Goleniewski’s claim not to be Polish at all, but rather the true heir to the Russian throne, the Czarevitch, son of Nicholas 2. According to Goleniewski, he escaped with his father and the entire Imperial Family; the execution was merely a politically contrived cover story.

Goleniewski’s announcement immediately made his position at the CIA all the more untenable, yet he was not without influential supporters. His most highly placed admirer was Herman E Kimsey, a former Army intelligence officer who served as CIA’s Chief of Research and Analysis from 1954 to 1962. As Allen Dulles’ right-hand man, Kimsey was also said to have been in charge of recruiting assassins for the Agency. Forced out of the CIA with Allan Dulles following the Bay of Pigs fiasco, Kimsey later asserted publicly that Goleniewski had been tested by CIA experts for fingerprints, blood diseases, dental work, and other characteristics, and had been confirmed as the Czarevitch.

Others who supported Goleniewski's lineage included the John Birch Society (through its journal *American Opinion*), the Philadelphia-based lay Catholic Order of the Carmelites (an anti-communist organization), the conservative journalist Guy Richards, the Synod of Bishops of the Russian Orthodox Church Outside of Russia, and the Sovereign Order of St. John of Jerusalem, Knights of Malta. In 1981 the Synod of Bishops of the Russian Orthodox Church Outside of Russia, the religious arm of the White Russian Community, canonized the Imperial family as martyrs to the Bolsheviks. In short, they do not now recognize Goleniewski's claim that the family survived. In 1964, however, the Synod married him in an Orthodox ceremony under the name of Alexei Nicholaevich Romanov. (19) The Synod's late change of heart may reflect the fact that a major source of its funding, the Tolstoy Foundation, was a leading conduit of funds from the CIA, which had lost faith in, and was trying to discredit Goleniewski.

Goleniewski's most constant defender was the Knights of Malta (SOJ) based in Shickshinny, Pennsylvania, which asserted a rightful lineage back to the original Knights of St. John of Jerusalem who rivalled the Templars as leaders of armed Christendom in the early Middle Ages. The order claimed its legitimacy in 1878 from protection granted it by Czar Peter I of Russia following Napoleon's seizure of Malta, then the home base of the Knights. Peter I was also the alleged founder of the Secret Circle, a group of Church and Army leaders who pledged to protect God and Country. This clandestine patriotic organization, to which Goleniewski said he belonged, supposedly infiltrated its modern followers into almost every intelligence agency in Europe in order to battle the Bolshevik menace. (20)

The SOJ rests upon an ecclesiastical alliance of Roman Catholics, traditionalist Old Roman Catholics, and Russian Orthodox believers. Its members refer to the New Mass as an "unspeakable abomination" and take violent exception to the "infidel marauders" who have corrupted the Vatican in recent years. The order's former grand master, Col. Thourot Pichel, said the foundations of Christianity were "about ready to face destruction" from the "world menace of Marxism and Moscow" unless the Catholic Traditionalist Movement and the SOJ could turn the tide. (21) Another spokesman refers to the SOJ as "the army of the Catholic Church" and boasts that as an army the SOJ devised a tunnel finder device for use by American troops in Vietnam. (22)

The SOJ's membership reads like a who's who of military and intelligence veterans. Its 'two associate chiefs of international intelligence' in 1970 were Herman Kimsey and former Army intelligence officer, Kyril de Shismarev. Shismarev, whose father had commanded a regiment in Russia's pre-war Imperial Guard, had known Alexei Romanov as a youth and vouched for Goleniewski. (23) On the order's 'military affairs committee' sat, among others, Maj. Gen. Charles A. Willoughby, Douglas MacArthur's chief of G-2 in the Pacific theatre, and a renowned right-winger; Lt. General P. A. del Valle, a member of the neo-Nazi Liberty Lobby and the National States Rights Party (24); Admiral Charles M. Cooke, former commander of the Far Eastern Fleet and an unofficial adviser in 1950 to the armed forces of the Republic of China; and Lt. Col. Philip Corso, a 20-year veteran of Army intelligence (25) who went to work for Senator Strom Thurmond (R-SC) and once sued liberal columnist Drew Pearson for defamation. (26) Finally, the Honorary Grand Admiral of the SOJ is Admiral Sir Barry Domville, a former British intelligence chief who was interned during WW2 as a fascist sympathizer (27).

Goleniewski's leading defenders in the SOJ have a curious but important relationship with the unfinished investigation of the assassination of President John F. Kennedy. For example, the Army intelligence officer, Philip Corso identified Lee Harvey Oswald as a CIA 'asset' and named the alleged CIA officials whom Oswald allegedly contacted in Moscow during his 'defection' to the Soviet Union. The CIA's Herman Kimsey, right-hand man to Allen Dulles who later served on the Warren Commission, allegedly had firsthand information implicating the KGB in Kennedy's assassination. In this scenario Oswald thought he was working for US intelligence when the KGB duped him into joining the plot.

Kimsey, now dead, has a spokesman in Hugh McDonald, former Chief of Detectives of the Los Angeles County Sheriff's Department, who says he also served as an Army intelligence officer and CIA contract agent. In the Fall of 1964, Kimsey, having retired from the CIA with Dulles, was working with McDonald, then Chief of Security for Republican Presidential candidate Barry Goldwater. Kimsey allegedly told McDonald at that time details of the plot to kill Kennedy. The actual assassin, Kimsey maintained, was a contract killer sometimes employed by Kimsey on behalf of the CIA. In his book *Appointment in Dallas* (1975), McDonald says he tracked this killer down in London and learned from him that the paymaster for the hit, codenamed 'Troit', set Oswald up as a patsy.

Who was 'Troit'? McDonald 'reveals' in his later book *LBJ And The JFK Conspiracy*, that the KGB planned the assassination between 1961 and 1963. (Interestingly enough, McDonald's co-author, Robin Moore, produced the film *MacArthur* with funds from the Unification Church of Sun Myung Moon, whose New York newspaper, *News World*, has accepted Goleniewski as the Czarevitch. ) The John Birch Society organ *American Opinion*, which also backs Goleniewski, buys the McDonald thesis and suggests that 'Troit' was none other than George De Morenschildt, a White Russian geologist with strong connections to French and American intelligence who became Oswald's patron in Texas in 1962 and '63. *American Opinion* acknowledges as the source of this hypothesis the veteran Army intelligence officer Frank Capell, who succeeded Col. Pichel as head of the Shickshinny order of the SOJ and who, as we have seen, defended Goleniewski's assertion that Kissinger was a Soviet agent. (28)

But Capell was not the first to finger de Morenschildt. In 1967, according to an FBI memo, McDonald himself and his friend Leonard Davidov, a fellow CIA contract agent, friend of Kimsey, and Goldwater security staffer, sought information about de Morenschildt's involvement in the assassination from I. Irving Davidson, a CIA-connected Washington lobbyist for Haiti, a country where de Morenschildt was actively pursuing business deals and intelligence missions. (29)

In short, the McDonald/Kimsey/Capell network appears to have been a disinformation clique centered around the SOJ, and aiming to smear the Soviets (and Goldwater opponent Lyndon Johnson) with responsibility for one of the great political crimes in American history. But there is a special relevance here for the Goleniewski case. Following the JFK assassination a Soviet defector, Yuri Nosenko, claimed that he had access to the Oswald file in the Soviet Union, and to know that Oswald was never recruited or even questioned by the KGB during his stay in that country. Nosenko's story fell down on numerous points, and the CIA's counterintelligence

branch concluded that he was a provocation agent, a KGB agent meant, among other things, to mislead the United States about Oswald's relationship with Soviet intelligence. This interpretation of Nosenko's defection has been adopted by the journalist Edward Epstein, who concludes in his book *Legend* that Oswald did shoot the president and that both he and de Morenschildt had worked for the KGB. Epstein is now an avid defender of Goleniewski, whom he refers to as Romanov. (30) The fact that Nosenko was ultimately rehabilitated within the CIA, and the counterintelligence bureau decimated in a purge that culminated in late 1974 with the firing of James Angleton, suggests to Epstein that Goleniewski was right: the CIA had been penetrated at the top by one or more Soviet 'moles' who protected Nosenko at the expense of loyal agency officials. Thus the Epstein/Macdonald/Kimsey scenario for the JFK assassination is intimately supported by their position on the Goleniewski/mole question.

The stakes are high in this controversy: nothing short of blaming the KGB for the assassination and exposing leading CIA officials as traitors. But the matter goes farther than that. In a recent issue of *Commentary* magazine, Epstein argues that the United States should shun arms control negotiations with the Soviet Union because the CIA's ability to verify such an agreement has been neutralized through 'disinformation' and double agents within the agency. Although Epstein does not cite the Goleniewski case directly, his argument is a direct outgrowth of his conclusions reached through conversations with that defector and with veterans of CIA counterintelligence. Thus the twenty-year dispute over Goleniewski's bona fides continues to impinge on the highest levels of national policy. (31)

#### **A note on SMOM**

The SOJ is not recognized by most historians as the legitimate successor to the crusading Knights of St. John of Jerusalem. The 'true' organization is, instead, generally accepted to be the papal order, Sovereign Military Order of Malta. The 10,000 members of this order, scattered throughout the globe, are pledged to defend the Church and to carry on the hospitaller tradition of the original knights. According to Steven Birmingham, "The Knights of Malta comprise what is perhaps the most exclusive club on earth. They are more than the Catholic aristocracy; they are the nobility, royalty. While the Knights of Columbus are associated with lodge meetings and bingo, the Knights of Malta can pick up a telephone and chat with the Pope." A total of forty countries recognize SMOM's sovereignty and accredit its ambassadors. (The Vatican recently upgraded its relationship with SMOM to ambassadorial level. AP 11 January 1983)

SMOM's membership suggests an occult political significance rivalling that of Italy's P2 lodge. Indeed, there was considerable overlap between the two, even though staunch Catholics like those in SMOM have long been warned away from freemasonry. One of Licio Gelli's closest collaborators was the SMOM ambassador to Montevideo, Umberto Ortolani, who gave Gelli refuge after his flight from Italy. Ortolani was also the Uruguayan representative of the recently failed Banco Ambrosiano in Italy. Other joint members of SMOM and P2 included Admiral Giovanni Torrasi, chief of staff for defense; General Giulio Grassini, head of the internal intelligence agency SISDE; General Giuseppe Santovito, head of military espionage and counterintelligence; General Giovanni Allavena, an officer in the old intelligence agency SIFAR;

and Giovanni Guidi, president of the Banco di Roma. Altogether at least three presidents of the Republic, three prime ministers, and five chiefs of staff were members of SMOM.

In the United States the list is no less impressive. Leading businessmen, politicians, and professionals have eagerly joined its ranks; Frank Sinatra even turned to his mafia contacts in an unsuccessful bid to become a member. But a significant number of intelligence veterans are also members. These include William Casey, currently director of the CIA; John McCone, former director of the CIA; and Clare Booth Luce, a member of President Reagan's foreign intelligence advisory board. Two of the highest honors bestowed by the Italian branch of SMOM were awarded in 1946 and 1948 respectively, to James Angleton, then a young veteran of OSS (who would soon take charge of the Vatican desk at the CIA), and Reinhard Gehlen, the Nazi spy who oversaw the post-war reconstruction of German intelligence under CIA auspices. (32) The Angleton connection to SMOM is suggestive in view of his opposition to the SOJ backed Michael Goleniewski. (33)

The existence of so many intelligence veterans in both Knights of Malta organizations, and their polarization around the Goleniewski issue, may point to the existence of powerful cliques within the American intelligence community. We have other evidence of just such a phenomenon. Former CIA officer David Atlee Phillips writes of "that small circle of well-bred, highly educated adventurers who were known to some in the CIA as the 'Knights Templars' - Allen Dulles, Frank Wisner, Kermit Roosevelt, Tracey Barnes, Dick Bissell, and kindred spirits." (34) Other CIA veterans have confirmed the existence of similar associations within the agency, with names like the "Century group" and the "Gold Key group". Further research is obviously needed to uncover the membership and significance of these secret societies within the intelligence communities themselves.

These examples of the role of secret societies in Western society are hardly exhaustive. One could mention the fascist-inspired Ordre de Jaques Cartier which ruled the province of Quebec for 30 years and still exercises enormous influence; the Round Table groups in Britain and the Commonwealth countries; or, leaving the West, the Triads and other societies that organize the social and political fabric of overseas Chinese communities. Even with these few examples, however, it should be clear that secret societies continue to proliferate in the "modern" world and, in some specialized spheres at least, can influence or even decide important policy debates. Their methods, needless to say, are non- or anti-democratic, which explains the authoritarian character of so many of them. Essentially, secret societies like those described here are instruments designed to covertly seize state power. Because they rely so heavily on secrecy as a modus operandi, exposure is the best means to dismantle them. This article is a call for further work in exactly that direction.

## Notes

1. Donald Freed and Fred Landis, *Death in Washington*, p104.
2. *Times*, 12th January 1981; *New Times* (USSR) No 13 1982; *High Times* (US) August 1980; Jesus Ynfante, *Un Crime Sous Giscard* (Paris 1981).
3. *Il Mondo*, 26th June 1981.

4. *Sunday Times*, 29th May 1981.
5. *Il Mondo* op. cit.
6. *Attenzione*, December 1981.
7. *Time*, 8th June 1981.
8. *New York Times*, 17th November 1981; Searchlight October 1981.
9. *Panorama* (Milan), 10th August 1981.
10. French masons, part of a so-called 'propaganda' cell, conspired against Louis XVI in the name of the memory of Jacques De Molay. (Michael Baigent et al., *Holy Blood, Holy Grail*. (1983) pp52/53 Here it should be mentioned that masonry in France is still of political significance. It is split into several organizations. The French Grand Orient is politically liberal, and has sharply attacked the Nouvelle Ecole school in its journal Humanisme (March 1981). The more conservative, pro-British Grande Loge Nationale Francais is based in Neilly-sur-Seine, and enjoys the support of fellow mason General Lyman Lemnitzer, who inaugurated its new temple in 1964 when he was NATO commander-in-chief. The newer, anti-British faction of the Grand Lodge, called Opera, includes the occultist and Nouvelle Ecole doyen Louis Pauwels. Les Francs-masons Alain Guichard (Paris 1969) p278; *Le Crapouillot*, February 1981. 11. Lt. Col. Gayre, *The Knightly Twilight* (Malta, no publication date) pp76-79.
12. S. Ferrand and G. Lecavelier *Aux Ordres du SAC* (Albin Michel 1982).
13. *Holy Blood, Holy Grail* note 10.
14. *Les Documents politiques diplomatiques et financiers*, April 1960.
15. Melnik wrote the introduction to the French edition of the CIA prepared *Penkovsky Papers*.
16. Guy Richards, *Hunt for the Czar* (London 1969) pp142/3; *Les Documents* etc (note 14) August 1960.
17. Anthony Summers and Tom Mangold, *The File On The Czar* (London 1978).
18. David Martin, *Wilderness of Mirrors* (New York 1981) p103.
19. Peter Koltypin, letter to author 10 October 1981; Guy Richards, *Imperial Agent* (New York 1966) p 247.
20. Richards pp91-93 21. Col. Thourot Pichel, *History of the Hereditary Government of the Sovereign Order of St John of Jerusalem, Knights of Malta* (Shickshinny, Pa. 1970).
22. James Wathen, *Is the Order of St. John Masonic?* (Rockford, Ill. Tan Books 1973).
23. Shismarev helped Goleniewski track down the remnants of the Czar's fortune. One of Shismarev's contacts was his "old friend and retired banker" Rudolph Iselin of Basle, whose (son?) Felix was an IG Farben agent before and during WW2.
24. Del Valle has charged - in the spirit of Goleniewski and Frank Capell - that "the conspiracy headed by Dr. Kissinger is clothed in pseudo legality through our surrender . . . of our armed forces" (*Washington Observer*, 1 May 1971).

25. Guy Richards calls Corso “one of the most remarkable men in Washington. ” Corso, he writes, “has made personal friends in the CIA, FBI, Defense Intelligence Agency, NSA, Army, Navy, Air Force and Marine Corps whose loyalty to him transcends bureaucratic boundaries whenever they believe the interests of the country are at stake. ” (*Imperial Agent* p24)
26. Pearson also happened to be one of Goleniewski’s detractors, thanks to CIA leaks. Corso was a leading Goleniewski defender. (*Imperial Agent* p267)
27. Col. Pichel *History* op. cit.
28. American Opinion March and February 1976 on Goleniewski and the JFK assassination
29. House Select Committee on Assassinations, appendix, pp. 57-59.
30. *Houston Post*, May 30 1981.
31. *Commentary*, July 1982, 32. Kevin Coogan, “The Men Behind Counter-reformation,” *Parapolitics/USA* 6; *L’Espresso* 28 June 1981.
33. Angleton did, however, have an obscure connection to SOJ through his early literary mentor, Ezra Pound. Pound refers in his later cantos to P. A. del Valle, a member of the SOJ military affairs committee. And Mary Pound de Rachewiltz met her husband Boris at a picnic with the Princess Troubetzkoi, whose husband is one of the leaders of the Pichel order.
34. D. A. Phillips, *Night Watch* (New York 1977), p 123.

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### **Special article:**

John Cummings, "US Intelligence and International Terrorism"

## Drugs

### Cuban government and smuggling.

A Miami jury found five men guilty on charges of conspiring with Cuban government officials to smuggle more than five million methaqualone tablets from Colombia into southern Florida; two men were acquitted. Those convicted included Jorge Felipe Llerena Delgado, Jose Domingo Martinez Valdes, Jose Rafael Martinez, and Hector Gonzalez Quinones (AP 2-25-83). During the trial, a self-described (but not wholly credible) Cuban spy, Mario Estevez, testified that he helped smuggle Haitian and Colombian aliens into the US "in order to make the first contact with drug traffickers" and ultimately "fill the United States with drugs." He claimed to have been trained in the spy trade by two officials of the Interior Ministry, Rodobaldo Rico Rodriguez and Francisco Echemendia. During one drug run, Estevez claimed, he met Cuban Vice Admiral Aldo Santamaria Cuadrado, one of four Cuban officials named in the indictment (see PP/USA/2.1). Estevez said his first mission, after entering the US during the Mariel sealift, was to infiltrate the anti-Castro terror organization Alpha 66. That was easy because his half-brother, Pedro Duran, is vice president of the organization. He returned to Cuba in July 1980, then went three months later to the Bahamas where he contacted Gonzalez Quinones, an alleged Cuban agent, to run drugs with the Cuban navy's cooperation. US authorities arrested him on drug charges in November 1981 (MH 2-15-83; 2-16-83).

Two problems in particular mar Estevez's testimony. The first is his claim to federal officials that some 3,000 other Cuban agents infiltrated the US in the spring 1980 Mariel exodus, a number that staggers the imagination (SJM 4-4-83). The second is his claim that Hector Gonzalez Quinones, his fellow smuggler, was a Cuban agent. In fact, Gonzalez describes himself as a staunchly anti-Castro Cuban, wanted by Castro's police for having attempted to assassinate the Cuban leader's brother Raul with a CIA-supplied bomb on 24 December 1961. Gonzalez does, however, confirm the involvement of the Cuban government and in particular its navy in the traffic (MN 3-3-83).

At the trial a Colombian smuggler, Johnny Crump Perez, described a series of high-level meetings in November 1979 that hatched the conspiracy. Crump introduced his friend, Cuban Ambassador to Colombia Fernando Ravelo Renedo, the big time Colombian smuggler Jaime Guillot Lara at the Bogota Hilton. DEA says that between 1977 and 1981 Guillot smuggled more than 2.5 million lbs. of marijuana, 25 million methaqualone tablets, and 80 pounds of cocaine. Guillot asked for permission to use Cuban waters as a smuggling haven, and Ravelo arranged this. Other meetings included Gonzalo Bassols Suarez, the ambassador's second in command, and Rene Rodriguez Cruz, head of Cuba's Institute of Friendship with the Peoples. In return for Cuban protection, Guillot allegedly paid the regime half a million dollars per boat and helped smuggle arms to the M-19 guerrillas (MH 2-18-83).

Finally, Miami-based drug runner David Lorenzo Perez Jr. testified that he participated in a drug pickup in late 1980 on the north shore of Cuba, where he met with Rene Rodriguez Cruz, a member of the Central Committee of Cuba's Communist Party, and with Adm. Santamaria (MH 2-9-83, 2-10-83, 2-11-83).

In Senate testimony, James H. Michel, deputy assistant secretary for Inter-American Affairs, claimed that "At one point Guillot received a Nicaraguan visa from the Nicaraguan ambassador to Mexico, who apparently acted on a request from M-19 military leader Bateman. We know from separate sources that in early 1982 the Nicaraguan Government was negotiating the sale of a DC-6 aircraft to a known Colombian drug runner. Whether or not this indicates a Nicaraguan role is not clear from the information available, but this is something we will be examining closely." (Department of State press release, 4-30-83; cf. POIN 4-11-83).

The kingpin of the drug ring, Guillot Lara, was arrested in Mexico on 25 November 1981 with false papers. Colombia immediately requested his extradition; so did Washington. But on 30 September 1982, without giving any reason, Mexican authorities released him from prison. He was later seen in Havana, Madrid, Paris, and East Germany, and is believed to have joined the M-19 in Colombia. One hypothesis for his release is that it was brokered by Nobel prize winning novelist Gabriel Garcia Marquez as part of a deal sought by the Mitterrand government to release the poet Armando Valladares from Cuban prison. (Garcia Marquez is a friend of Guillot, Mitterrand, and Castro.)(POIN 4-11-83)

Meanwhile, federal agents are said to be investigating a drug ring between Cuba and Orange County that allegedly supplied the Castro regime with sophisticated computer equipment, bull semen, and medical analysis equipment in return for marijuana. One of the principals, Texas businessman Robert Brownfield, is a protected witness (NOTP 4-2-83).

### **Cuban exiles**

Ricardo "Monkey" Morales, a Cuban exile terrorist who worked for the FBI, CIA, DEA, DISIP, and other intelligence agencies, also ran drugs with some of Miami's leading traffickers. He was murdered in a Miami bar on 22 December 1982 (PP/USA 2.1). Two of the suspects were Manuel Espinosa and Rogelio Novo; their associate Orlando Torres confessed to the crime on 19 January 1983. They are part of a group, including also Juan Cid, Emilio Palmar, and Julio Eiros, that owned the Phoenix Inferno (a soccer team franchised through the Major Indoor Soccer League) through a front man, Irv Berger. Cid and Novo are under investigation for laundering money obtained from drug sales. (Cid's estranged wife Nancy used to be married to another drug trafficker, German Lamazares, who was murdered in 1975 by Eladio Ruiz, who in turn was gunned down by Morales. Cf. PP/USA/1.5) Shortly before his murder, Morales was scheduled to testify before a grand jury on the finances of Cid and Novo. He never got the chance. Morales's murderer, Torres, worked for a detective agency owned by ex-CIA employee Daniel Calloway, who was allegedly the link between Phoenix's Berger and the Miami group. Police say Calloway actually worked for Espinosa, a former captain in the Cuban army turned bitter anti-Castro propagandist (AR 2-20-83).

Flagship Banks Inc., a Florida bank holding company, is suing to prevent Venezuelan businessman Juan Vicente Perez Sandoval from buying any more shares or influencing company management. He now controls 9.9% of the stock. Flagship charges that he may have had a business relationship with Guillermo Hernandez Cartaya, founder and president of WFC Corp., with ties to the CIA, Castro, drugs, and fraud (MH 1-26-83; John Cummings, "Miami Confidential," *Inquiry*, August 1981). His associate Salvador Aldereguia recently made the news as president of a freight forwarding firm, Trans-Cuba, that specializes in

sending packages to Cuba and handling the paperwork for the entry of Cubans to Miami. It shut down, perhaps defrauding its customers, when Manuel Espinosa (see above) announced its closing over a Miami radio station. A year ago Trans-Cuba was the target of a bomb attack by the terrorist anti-Castro group Omega 7 (MH 2-15-83).

### **Other drug news**

A pretrial hearing in the case of Tampa resident Felix Juan, charged with two other men for trying to sell cocaine to an undercover officer, has been delayed by Juan's allegation that he was working as an informer for the FBI and CIA, possibly regarding trade with Cuba (SPT 4-14-83).

Justice Department officials say they made former South Carolina congressman John Jenrette an Abscam target "as a favor" for FBI agents in his home state who were unable to indict him after an investigation into his alleged involvement in drug smuggling and land fraud (Oregonian, 1-18-83). Recall that Jenrette's aide John Ethridge was a member of the nationwide drug smuggling organization, The Company (PP/USA/1.1).

Sam Cammarata, Houston nightclub owner and talent promoter recently convicted of racketeering and drug conspiracy, had international connections and ties to the FBI and DEA as an informer. He was responsible for six murders (for money or to silence witnesses); operated in Lebanon, Mexico, Colombia, California, Colorado, and Texas; and plotted to kill the president of Lebanon (see below) in order to prosper from drug dealings with a new regime. Cammarata ran unsuccessfully for Congress in Massachusetts, managed the career of boxer Rocky Marciano, and produced records for singer Jimmy Dean. His contacts included Robert Mitchum, Jackie Gleason, and Ted Kennedy; also Louisiana crime bosses Carlos and Joseph Marcello, New England mafia chief Raymond Patriarcha, and other mobsters. Seeking protection from Florida businessman Dominic Santarelli (who had Chicago mob connections), . . . Santarelli, a former boxer linked to organized crime by the Illinois Crime Investigating Commission in 1971, was convicted of tax evasion in October 1981, but acquitted on extortion conspiracy charges (MH 4-22-83). Cammarata became an FBI informer in 1976. He gave information on the Judge Wood murder, Arab plots to kill President Reagan, and Libyan payoffs to Billy Carter for his help in obtaining weapons (HC 3-6-83; 2-5-83).

Robert Burns, a Miami Beach lawyer, was charged in Cleveland with drug trafficking after his arrest by federal agents in an apartment listed to Morton Franklin. Franklin, a Cleveland insurance scam artist involved in the mob-linked Northern Ohio Bank scandal in the 1970s (whose conviction in that case was later overturned), was acquitted in Miami in 1975 of charges that he conspired to import marijuana to the US. His co-defendants at the time included Cleveland Teamster official John Nardi (killed by a bomb in 1977); Richard Dial Thorp, who went on to found The Company (see PP/USA 1.1); and the intelligence-linked arms dealer Mitchel WerBell III (ibid.; CPD 4-15-83).

Cleveland mafia underboss Angelo Lonardo, mafia captain Joseph Gallo, and Kevin McTaggart, a former associate of crime leader Danny Greene (blown up in 1977, like Nardi a victim of a local crime war), were convicted of leading a \$15 million-a-year drug ring. McTaggart and another drug convict, Hartmut Graewe, have also been indicted for murdering

one William Bostic, who allegedly refused to share gambling proceeds (CPD 1-25-83; 1-26-83).

Five men from Chicago, Biloxi, and Las Vegas allegedly laundered at least \$16 million in drug profits through the Royal Casino in Las Vegas, according to federal prosecutors. Those arrested include the main trafficker, Bruce Perlowin; the owner and general manager of the casino, Joseph Slyman and Paul Dottore, and two officers of Capital Guaranty Financial Services Corp., Jack Dubard and Charles Broun. Also apparently involved, but not charged, was the treasurer of the Washington, D.C. based International Bank and Trust Ltd., which has strong CIA connections (PP/USA/1.1; AP 3-12-83; CT 3-20-83; LAT 4-11-83).

Former Iranian deputy prime minister Sadegh Tabatabai, a distant relative of the Ayatollah Khomeini arrested in Germany 8 Jan 83 for smuggling more than three pounds of raw opium into the country, fled to Tehran hours before a West German court convicted him. The affair caused a scandal when the Foreign Ministry under Hans-Dietrich Genscher recognized his diplomatic immunity (which the courts denied) (LT 2-26-83; SJM 3-10-83).

Bolivia's former interior minister and six other former government officials have been accused in a sweeping federal indictment of accepting bribes, demanding payoffs, and seizing huge cocaine shipments. The chief culprit is exiled Interior Min. Luis Arce Gomez, who allegedly created an elite paramilitary squad (cf. PP/USA 2.1) to confiscate cocaine and shake down dealers. Arce Gomez was granted asylum in Argentina in December after a civilian government took over in Bolivia. Authorities there have now placed him under "provisional arrest." Also indicted were Juan Carlos Camacho and Jose Tito Camacho, the former public prosecutor and chief of narcotics police in the city of Santa Cruz (MH 4-29-83).

Roberto Suarez, accused Bolivian drug kingpin, returned to a victory celebration at his family farm after being acquitted of drug charges in Miami. The failure of the Bolivian government to touch him indicates that country's continuing role as a drug base (LT 3-5-83).

Lebanon has become a key center of the cocaine trade, involving Lebanese merchants in South America, but the U.S. declines to crack down for fear of undermining leaders of the current Beirut government. Coca paste is allegedly being shipped from South America to Lebanon for refinement, then smuggled to Europe and the U.S. according to senior US officials. One of those involved in the allied hashish trade is the Gemayel family and its Christian Phalange party. "We had hard evidence that it was tied into the Christian Front and the Gemayel family is a major part of the Front," said former Rep. Lester Wolff, who chaired the House Select Committee on Narcotics Abuse and Control. The rival Christian family, the Franjehs, controls the drug trade through the Lebanese port of Tripoli. Syria and the PLO are also involved in the trade; apparently Franjeh's family cooperates with the Syrians (PP/USA 1.6; SJN 5-18-83).

Police are linking the murder in Oct 81 of Marseilles magistrate Pierre Michel to the "French-Italian drug connection" (the revived French Connection in Italy) and in particular to one of its key members, Robert Kechichian, who bought his way out of prison shortly before the murder by bribing doctors to fake medical certificates. Kechichian, part owner of a club in Antibes, was seen in the company of Jean Jehan, his cousin at Cagnes-sur-Mer, and an 82-year-old French Connection veteran who lived for thirty years in the US. (He fled in 1962 after a 250

kilo bust.) Police learned he was in charge of recruiting new chemists for the ring. On 4 June 80 police arrested him and Jehan, while Italian police swooped down on two heroin labs in Milan. This cooperation led to an unprecedented coup: the capture of mafia boss Gerlando Alberti in a lab near Palermo. 35 traffickers were arrested in France and Sicily. Authorities now wonder how many other prisoners evaded the law, like Kechichian, through the traffic in medical pardons (EXPR 1-28-83; 4-15-83).

Miscellaneous. The use and sale of narcotics by police officers has become one of the NY City police department's most serious corruption problems--reminiscent of the Knapp Commission findings--according to the department's annual report (NYT 3-6-83) . . . Jose Antonio Fernandez, a major fugitive sought on drug charges stemming from the Operation Grouper sting of March 1981, was arrested March 30 by Brazilian authorities and may be extradited (MH 4-14-83) . . . A San Francisco grand jury has indicted a Las Vegas man, Gary Rocco Garramone, for conspiring to manufacture and distribute a chemical used in the production of methamphetamines. Garramone has been linked by the Pennsylvania Crime Commission to members of the Angelo Bruno crime family in Philadelphia (see 1980 report, pp. 139, 191). Involved with Garramone was Atlantic City casino executive Robert DePasquale (UPI 4-22-83; Oakland Tribune, 4-23-83) . . . Also charged in a methamphetamines case was John DiSalvo of Philadelphia, another Bruno family associate convicted in 1979 of fixing horse races in Massachusetts (PI 2-11-83) . . . Federal authorities, using information supplied by Leroy (Nicky) Barnes, have charged nine men with a conspiracy that involved distributing large quantities of heroin and killing six suspected informers in a NYC drug operation (NYT 3-11-83) . . . Drug money laundering is on the rise in Georgia (AJ 4-3-83).

## **Organized Crime**

### **Teamsters Union**

Former Teamster president Roy Williams is free pending appeal of his conviction for conspiring to bribe Sen. Howard Cannon of Nevada. Williams agreed not to take part in union business (SJM 4-16-83). His successor, Jackie Presser of Cleveland is under investigation by the Labor Department for hiring "ghost employees" at his union local. One of the alleged phantom employees, Jack Nardi, son of the Teamster official killed by a bomb in 1977 (see above), has pleaded guilty to embezzling union funds and soliciting a \$20,000 bribe in return for changing his testimony and becoming unavailable for the probe. (He has also been charged by the state attorney's office in Palm Beach County, FL with grand theft for collecting funds for a phony charity (CPD 1-12-83)). On the other hand, the Justice Department has dropped its probe of whether Presser accepted kickbacks from a Las Vegas pr firm (CT 4-22-83; WSJ 4-22-83; CPD 3-16-83). Federal protected witness Jimmy Fratianno has testified that Presser once told him, when they were conspiring to skim profits from Teamster dental plans in California and Ohio, "I don't do nothing unless Blackie tells me." Presser was referring to James Licavoli, reputed crime boss of Cleveland. (Fratianno added that when he conferred with Allen Dorfman and Chicago syndicate boss Joseph Aiuppa, Aiuppa told him, "You know I don't like Jackie Presser. We use Roy Williams and Nick Civella.") (WSJ 4-22-83; KCT 2-8-83). Presser was sued in 1978 along with other Central States Pension Fund trustees for lending

\$120 million to companies with alleged mob ties that never repaid the loans. In 1980 he was reported to own 500 shares of mob-linked Bally Manufacturing, makers of slot machines. Presser's father, once cited for contempt of Congress for refusing to testify before a rackets committee, was a close friend of Bally executive Sam Klein and in 1972 received a gift of 3,750 Bally shares. 18 months later he voted as a pension fund trustee to lend the company \$12 million (CT 4-22-83). None of this bothers the Reagan administration, which invited him to a state dinner June 7 and named him a "senior labor adviser" during the transition period (SJM 5-9-83).

Presser was not the only Teamster official in the running for the presidency. M. E. Anderson, head of the Western Conference of Teamsters was a contender; but his name surfaced in a recording of a conversation in which Allen Dorfman said he belonged to Chicago syndicate representative Sidney Korshak "lock, stock, and barrel" (WSJ 4-18-83).

Another contender was Joseph Morgan, head of the Southern Conference of Teamsters and a former pro football player who holds six different union posts with salaries totaling \$230,000. He has shown particular favoritism toward Chicago mob-linked labor lawyer Seymour Gopman and his associate George Wuagneux, both convicted (among other things) in 1982 of bilking the Laborers International Union pension fund (MH 4-16-83; on Wuagneux's jewelry fencing operations, see AR 1-22-82; AR 4-5-83).

More revelations have come to light from the Dorfman tapes (cf. PP/USA 2.1). In a discussion with Chicago mob hit man Joseph Lombardo, Dorfman quotes Kansas City mafia chief Nick Civella as saying "I've got a commitment" regarding Roy Williams. The discussion hinged on the plan to make Williams president of the union. "We had a very good meeting," Dorfman said. "Roy agreed with everything. In fact, I got to give him a whole list, written out, as to procedures to be followed." Dorfman continued, "He has supposedly agreed that the conduit between him and the trustees is going to be me" (Tape of 1 May 79, NYT 2-23-83). At another point, Civella told Dorfman and Lombardo, "I want to protect Roy. He's a friend of mine. When you consider where he came from, how he got to where he is now, you have to be a little afraid" (Tape of 23 April 79, SJM 3-1-83). Yet another conversation concerned the Aladdin casino of Las Vegas; the participants allegedly included Dorfman, Lombardo, and Anthony Spilotro, a Las Vegas hood who represents Chicago syndicate interests. They discussed raising \$90 million to buy the casino through another group. Lombardo said the Detroit syndicate (one of whose members was convicted in 1979 of having a secret stake in the casino) would have to approve the deal, "so now we have to reach out for the guys in Detroit. But we got the blessings from the St. Louis guys" (WSJ 2-23-83; LVS 2-24-83).

Dorfman assassination. FBI sources suspect that one of Dorfman's killers may be Paul Schiro, a West Side associate of Tony Spilotro. Federal mob witness Frank Cullotta, a former Spilotro lieutenant, says Schiro was one of the Chicago mob's four hit men. He allegedly fits the description of one of the killers. Meanwhile police have released a few of the names of people in Dorfman's personal telephone book. They include George Dunne, president of the Cook County Board, Cleveland mobster James Licavoli, former pro football players John Hadl of the San Diego Chargers and John Brodie of the San Francisco 49ers, and former football player Ed Marinaro, who plays Officer Joe Coffey on "Hill Street Blues" (CT 1-23-83).

Tidbit: “a corporate airplane sent to Eagle River, Wis. to fly Dorfman’s lodge manager, Ralph Richardson, down for the funeral was registered to the Pritzkers,” owners of the Hyatt chain and other enterprises (CT 2-8-83).

## **Gambling**

Joseph Agosto, former show producer at the Tropicana hotel-casino in Las Vegas, has turned government informer to avoid becoming “another statistic like Allen Dorfman.” In US District Court in Kansas City he pleaded guilty to a 17 count indictment charging him and nine other men with skimming at least \$280,000 from the Tropicana. He will be placed in the Federal Witness Protection Program. The federal case was based on wiretaps showing Agosto’s role as a middleman between the casino and the Kansas City mob, led by Nick Civella. Agosto has since been sentenced to 20 years, along with former Tropicana owner Deil Gustafson, for an illegal check kiting scheme involving two Minnesota banks owned by Gustafson. Agosto was convicted years earlier of federal loan application violations and served ten months for parole violations on that charge (KCS 4-3-83; REG 4-5-83; LAT 5-4-83).

Meanwhile an Agosto associate, Whittier oilman Jack R. Urich, is suing the US Organized Crime Strike Force, the Los Angeles Police Department, and other agencies for \$46 million stemming from their botched investigation of his organized crime relations. He charges that government agencies used criminal informants, including one crooked art smuggler, to penetrate and ruin his business. Urich has accused this informer of doing business with the notorious land swindler Danny O’Keefe and of attempting to sell arms to Argentina during the Falklands War (LAT 1-30-83; 2-25-83)

With strong dissent from their new chairman, members of the Nevada Gaming Commission voted 3-1 to permit former Caesar’s World boss Clifford Perlman take over the Dunes hotel-casino in Las Vegas. Clifford and his brother Stuart had been turned down by New Jersey authorities because of their business dealings with Lansky associate Sam Cohen, alleged Lansky associate Alvin Malnik, and convicted building contractor Cal Kovens (a Jimmy Hoffa crony). The Perlmans were closely questioned about why they continued doing business with these figures after they had been warned by gaming officials to desist. The brothers were aided in their licensing fight by powerful political figures, including their attorney, former Nevada governor Grant Sawyer, former Rep. Jim Santini, and others (LAT 4-6-83; 4-7-83; 4-9-83; REG 4-6-83; 4-10-83).

Although the Perlmans passed with little difficulty, members of the gaming commission warned that others might not fare so well; speculation is that the reference was to three proposed buyers of the scandal-tainted Aladdin casino: former Tropicana landlord Fred Doumani, his brother Ed, and Denver businessman Victor Sayyah. Fred Doumani is said to be a “constant associate” of Joey Cusimano, alleged right hand man to Las Vegas mob heavy Tony Spilotro (REG 4-10-83). Aladdin owner Ed Torres, himself an alleged mob associate, has been trying to sell the casino to pay back a \$32 million Teamster loan and two other mortgage owners, Valley Bank and a group of former owners (Variety, 4-6-83).

Trans-Sterling, the holding company for the Stardust and Fremont hotel-casinos, is the largest Teamster pension fund borrower and has apparently breached an agreement on its \$80 million debt. Its sole owner is Allan D. Sachs, who with his associates is called by an FBI

affidavit “figureheads for the Chicago mob and responsible for providing skim monies to the mob from their casinos.” Sachs and several partners also lease the Sundance from former Lansky gambling and bootlegging partner Moe Dalitz. Sachs allegedly funneled assets from the Stardust and Fremont into the Sundance in violation of his loan agreements (WSJ 2-24-83). Nevada gaming officials have discovered that a minimum of \$135,000 a month is being skimmed from the Stardust (Variety, 4-13-83). Several executives of the Stardust and Fremont, as well as mob lieutenant Joseph Cusamano and attorney Jay Brown, have been subpoenaed to appear before a federal grand jury in Kansas City investigating mob infiltration (Variety, 3-15-83).

Nevada’s state Supreme Court has ruled that Chicago mobster Tony Spilotro can’t be banned from Nevada casinos without a statement of facts by the Gaming Commission (REG 4-2-83). John Polite Jr., chairman of Essex Chemical Corp. was elected a director of Caesar’s World and its New Jersey affiliate (WSJ 10-5-82). . . Strong political opposition has developed in Atlantic City against a South African developers plans to build a casino there. Southern Sun Hotel Holdings Ltd. says it will comply with state regulations for minority hiring. Its partner in the venture, American Leisure Corp., is headed by Nathan Jacobson, who has had several run-ins with securities law enforcers who alleged he engaged in fraud (WSJ 4-18-83).

Bally Manufacturing Co., casino operators and makers of gaming equipment, are behind a massive lobbying push in Iowa to establish a state lottery. The state has just legalized betting on horse and dog racing. Bally’s Georgia subsidiary, Scientific Games Inc., succeeded in 1980 in persuading Colorado voters to ratify a constitutional amendment legalizing gambling (Des Moines Register, 2-20-83). . . Art Schlichter, Baltimore Colts backup quarterback, has gone to the FBI to avoid retribution from four Maryland bookies to whom he owes \$159,000. The NFL is also investigating (NY Daily News, 4-10-83; NYT 4-16-83). . . Hearings before the New Jersey State Commission of Investigations turned up the names of 25 mobsters who obtained \$1.2 million in credit from Atlantic City casinos last year. Nicodemo Scarfo, reputed mob boss of the city, received free rooms and dinners from the Tropicana, Claridge, and Golden Nugget casinos. Other casinos giving such favors included the Sands, Harrah’s, Caesars, and Playboy (NYT 3-5-83).

### **General Organized Crime**

The FBI says “the biggest shakeup in two decades” is taking place in the mob hierarchy in Chicago, and says it has “a very intensive investigation underway using the RICO statutes.” (MH 2-8-83). The immediate causes are: 1) the assassination of Teamster insurance agent Allen Dorfman, and the conviction of Chicago hit man Joseph Lombardo; 2) the bungled shooting of Chicago gambling boss Ken Eto, a confidante of Vincent Solano in the mob’s inner circle, who is now telling everything he knows to the police; 3) detailed informing by two other Chicago mob associates, Frank Culotta and Alva Johnson Rogers, who have linked Lombardo to specific murders; and 4) the indictment of the Chicago mob’s Las Vegas representative, Anthony Spilotro, for the torture murder of two burglars in 1962. Spilotro has allegedly incurred the wrath of his bosses in Chicago for threatening the lives of Las Vegas police officers and for having an affair with the wife of another Chicago mob associate, Frank Rosenthal (a long time Las Vegas casino figure) (CT 1-28-83; 2-3-83; 2-11-83; 2-12-83; 2-13-83; Chicago Sun-Times 2-27-83). Nonetheless, the Chicago mob still seems to enjoy great political clout, including a key precinct captain in the 42nd Ward (suspected of vote fraud)

and with Sheriff Richard Elrod, who gave a deputy sheriff's job to one John Gaffuso, accused of being the hit man who wounded Ken Eto (Chicago Sun-Times, 1-9-83; Omaha World Herald, 2-20-83).

Reputed Tampa mafia leader Santo Trafficante and a former captain in the Pasco County Sheriff's Department were among 12 men indicted by a federal grand jury for crimes including gambling, prostitution, narcotics trafficking, extortion, bribery, and the planned takeover of garbage collection on Florida's West Coast. Those indicted included members of the Chicago and New York crime families. The operation, code named "Coldwater" after the name of one of its mob targets (Vincenzo Aquafredda, owner of a garbage business), saw the FBI setting up a posh bottle club and illegal gambling casino called King's Court, about 40 miles northwest of Tampa. A spinoff of the investigation led last year to the conviction of several members of the Bonanno family in New York. Trafficante escaped trial last year on charges stemming from an alleged insurance rip-off of the Laborers International Union on grounds of ill health. Since the indictments, at least three figures connected with the case have died, at least one by murder, and the two others have been ruled suicides (SPT 4-2-83; 4-25-83; MH 4-2-83; *Tampa Tribune* 4-2-83).

The 5th US Circuit Court of Appeals has upheld the conviction of Louisiana crime boss Carlos Marcello for conspiring to pay kickbacks and bribes in exchange for state insurance business (NOTP 4-2-83). Marcello has finally gone to jail (NOTP 4-16-83). Nonetheless, the case could be threatened by recent admissions by an FBI black bag specialist that he attempted illegal breakins against Marcello properties (WP 3-12-83). Court documents in Los Angeles throw further light on the case, indicating that Marcello enlisted the aid of Chicago crime boss Joey Aiuppa and Tampa boss Santo Trafficante in the insurance scheme. They further indicate that Marcello claimed that the "Chicago people" controlled then-Teamster president Frank Fitzsimmons (NOTP 5-16-83). Marcello's brother Joseph had perjury charges dropped in connection with his grand jury testimony on the Judge Wood murder case (NOTP 1-14-83).

Nick Civella, longtime boss of the Kansas City mob, died of cancer in March, passing leadership to his elder brother Carl. The KC mob is in trouble following the conviction of their close ally, Teamster president Roy Williams, and the indictment of their hierarchy on casino skimming charges (PP/USA/2.1). Carl Civella, arrested several times for gambling, was sentenced in 1939 to a year and a day for possession of morphine. For lengthy obits, see KCS, KCT 3-14-83; KCT 3-16-83.

Eight men, including three members of the St. Louis mafia Leisure family, have been indicted for murder in the bombing death of James Michaels, an organized crime figure. Members of the Leisure family have been fighting a bloody war to take over and retain control of the Laborers International Union locals in the city. Paul Leisure, one of those indicted, is business agent for Laborers local 42, himself a victim of bombing (which he survived), and considered an underworld enforcer and head of one Syrian-Lebanese faction. He used to accompany St. Louis crime chief Anthony Giordano on his visits to the Dunes hotel in Las Vegas, owned by St. Louis attorney Morris Shenker (SLPD 4-17-83).

A libel suit brought by Albuquerque attorney William Marchiondo against the Albuquerque Journal regarding an article the newspaper ran linking Marchiondo to organized crime has brought to light much interesting information that supplements the story of his relations with

Jimmy Fratianno as related in *The Last Mafioso*. As described in PP/USA/2.1, Marchiondo and a hood named Johnny George were involved with the Nugan Hand Bank in raising money to build a casino in Las Vegas. During the trial Marchiondo described his failed efforts with George to arrange financing, including an approach to James V. Napoli Sr., an alleged New York City crime boss and gambling kingpin (an affidavit from New York mob associate Jerome Sternlieb accused Napoli of passing a bribe to former New Mexico governor Jerry Apodaca). Napoli warned Marchiondo against investing in the Westchester Premier Theater (a Fratianno-linked venture) because, as proved correct, the promoters were “looking to milk it dry.” (Several top executives of Warner Communications would later be convicted or plead guilty to charges in this case.) Wiretap evidence introduced at the trial linked Marchiondo to the late Allen Dorfman (Marchiondo asked him for investment capital) and Dunes casino owner Morris Shenker (Marchiondo asked Fratianno to intervene with Shenker on his behalf regarding a property easement in Palm Springs). There was even an accusation at the trial, by a former member of the state attorney general’s office, that President Carter’s White House counsel Lloyd Cutler killed an investigation of the Fratianno-linked Alfa Chemical Co. Most intriguing of all is a reference in DEA files to Marchiondo’s links with the late Lee Chagra, whose brother Jimmy was one of the Southwest’s leading drug traffickers. This tends to add weight to unverified published accounts linking Chagra to Nugan Hand (*Albuquerque Journal*, 1-12-83 to 3-5-83).

Paris gangster Edgar Paul Zemmour was assassinated by a sniper at his home in a wealthy quarter of Miami. Police have no motive but speculate the killing may be related to his attempts to penetrate Caribbean gambling, or to the murder in January 1982 of Corsican godfather Marcel Francisci. Edgar came to the US after a 1975 shootout with French police that left him wounded and his brother William dead. The Zemmour brothers made a fortune in prostitution and other rackets in France, West Germany, and Israel. They enjoyed close relations with the Gaullist strongarm organization Service d’action civique (which shielded them from the law) and with the Israeli Mossad, because of their handsome contributions to the Israeli war effort in 1967. However, they were ultimately kicked out of Israel because of their criminal record (MH 4-10-83; ST 4-17-83; LM 4-22-83; James Sarazin, *Dossier M comme Milieu*, passim; Jacques Derogy, *Israel Connection*).

One of the greatest financial scandals in Canadian history, involving an extremely complicated series of questionable apartment deals and holding company transactions (the so-called Greymac affair), has now been linked to Toronto lawyer Joseph Burnett (TGM 2-19-83). Burnett is an acknowledged business associate of John Pullman, one of Meyer Lansky’s key Swiss bagmen.

Miami attorney Alvin Malnik, whose business dealings with key associates of Meyer Lansky have made law enforcement experts point to him as a possible Lansky successor, was apparently the victim of Chicago mob extortion. The March 3, 1982 bomb explosion that ripped apart his Rolls Royce was followed one day later by Malnik’s sale of 163 acres of choice Miami real estate to Marion Lombardo, wife of now-convicted Chicago hit man Joey Lombardo, for \$1.09 million. Lombardo is under indictment on charges that he bombed the Lake Forest home of builder Robert Kendler in 1979. Two other Chicago mob-linked people were targets of bombs in Florida, Joseph Dan Testa (see PP/USA/2.1) and Burton Wolcoff (see PP/USA/1 ). (*Chicago Sun-Times*, 1-9-83). Meanwhile, *People Magazine* has reported that Malnik and his son Mark have deserted Miami for Saudi Arabia and are converting to Islam;

the report adds that Mark divorced his wife and secretly married the sister-in-law of Saudi Prince Turki bin Abdul-Aziz, former Saudi deputy defense minister who was involved with Malnik in a controversial development plan for Watson Island (MH 5-1-83; PP/USA/1 ).

First Lady Rosalynn Carter was taken in by underworld figures operating a phony charity during the 1979 International Children's Appeal. The charity, headed by convicted forger John Ellsworth and Gambino family drug trafficker James Eppolito, was a front for drug and gun running, according to law enforcement sources. Since then Eppolito and his son James have been gunned down, gangland style, along with a witness to their murder, and now a fourth victim, Gambino family member Roy DeMeo, who was preparing to tell authorities what he knew about the murders. Investigators have solved these and other murders pursuant to an investigation of an international auto-theft ring run by the Gambino family (NDAY 1-25-83; NY *Daily News*, 4-10-83).

FBI says that eight mobsters and their associates have been killed since 1977 in connection with an auto-theft ring controlled by Anthony Tortorella, a Lucchese crime family captain (NDAY 3-4-83). George Nicholas Vios, who fled to South America in 1978 while standing trial in North Carolina on charges of involvement in a nationwide stolen car ring working out of Orlando, Arizona, and Long Island, was found cemented into a freezer in West Palm Beach. He was an associate of Eugene Robert Ciuzio, convicted of charges stemming from the Abscam investigation of former Rep. Richard Kelly, R-FL (SPT 4-6-83; *Orlando Sentinel*, 4-6-83).

A Los Angeles deputy city attorney has charged that LA businessman Robert M. Terry, currently the subject of a tax investigation by the US Organized Crime Strike Force in LA, met regularly with White House Counselor Ed Meese, a charge both deny. Terry was also alleged to be involved in international gun sales and attempts to supply Argentina with "war helicopters" during the Falklands War (on which see Tropicana section above). Terry attracted the interest of law enforcement officials with his deals with Dunes Casino owner Morris Shenker and other alleged mob associates. He was invited to the White House and photographed with Nancy Reagan following his \$25,000 contribution to the Wolf Trap Performing Arts Foundation in 1981 (LAT 3-12-83).

Two investors in the Commercial Bank of California, founded by Johnny Carson, are suing his attorney for fraud and loan sharking in connection with mob associate Jack Catain, who borrowed hundreds of thousands of dollars from the bank. Catain, who had dealings with the late Philadelphia crime boss Angelo Bruno, was called "a major organized crime figure" by a Secret Service agent in 1981, during a counterfeiting case against Catain. Catain's own former company, Rusco Industries, won a court order against him for \$2.7 million that he allegedly stole from the firm; Catain has since filed for bankruptcy (SJM 3-11-83; WSJ 4-4-83; 5-5-83; LAT 3-22-83).

"The men and women whose vision made possible the Simon Wiesenthal Center," according to its March 1983 report, include Allen Glick, a retiree from the world of Las Vegas gambling after the FBI called him a front man for the Chicago mob; Frank Sinatra, whose story is the same; Oscar Goodman, the top mob lawyer in Las Vegas; Hank Greenspun, Las Vegas publisher and former p.r. man for Cleveland mobster Moe Dalitz; and Jay Pritzker, who has had some interesting associations of his own in Chicago. The center proudly announces also

the appointment of Don Soffer of Turnberry Isle Country Club, N. Miami Beach, to the Center's board of trustees. Meyer Lansky used to hang out at that country club (MH 4-20-82). . . Florida mobster Anthony Acceturo, a twice convicted extortionist, has been indicted on two counts of income tax evasion (MH 4-16-83). He has also been linked to a nightclub in Fort Lauderdale at which two Medicaid fraudsters applied for a liquor license (Ft. Lauderdale News, 4-3-83). . . A grand jury has accused FBI informant Michael Klepfer of obstruction of justice for his allegations that Labor Secretary Ray Donovan had mob associations (WP 3-16-83; WSJ 3-21-83). . . A proxy battle for control of GAF Corp, the chemical company, has brought to light the facts that GAF director Robert Spitzer, president of the New York construction firm Treadwell Corp., admitted making cash payments of almost \$600,000 to a union official in return for labor concessions; and that GAF retained the services of convicted bank swindler Eugene Boffa Sr. as a labor consultant (*Oakland Tribune*, 3-27-83). . . Federal protected witness Joseph Hauser, an insurance fraud artist, has told a Senate committee that the Chicago mob handpicked leaders of the Laborers International Union and Hotel Employees and Restaurant Employees International Union (NOTP 4-28-83). . . The Senate Permanent Investigations subcommittee has also heard testimony on how the Gambino and Genovese families in New York have taken control of the toxic waste disposal industry (SFE 3-15-83). . . "Pittsburgh Mafia still lusts for control over Cleveland" (CPD 2-24-83). . . Structure of the New Jersey mob outlined (Bergen Record, 2-16-83). . . Alleged mob involvement in dental plan of International Union of Allied Novelty and Production Workers (CT 3-15-83). . . A cousin of former Mexican president Jose Lopez Portillo was found shot to death, gangland style (HC 2-5-83). . John Russomanno and Joseph Losasso plead guilty in Smaldone family loan shark case (DP 2-11-83). . . Review of Cleveland Browns owner Arthur Modell's mob associations (*Akron Beacon Journal*, 1-17-83). . . New England black organized crime leader Alvin Campbell gets 15-year sentence for possessing guns, silencers, and cocaine (BG 3-16-83). . "Winning through elimination," profile of Philadelphia mob boss Nicodemo Scarfo (PI 2-27-83). . . Mob connections of security guards union outlined (Forbes 2-14-83). . . Roy Cohn's dubious business associations recalled (VV 3-29-83). . . Chicago mob chiefs Anthony Accardo, Joseph Lombardo, and James Cerone subpoenaed as part of car theft investigation (CT 1-30-83).

## **Intelligence**

A former employee of ex-CIA agent Ed Wilson, former Army weapons expert John Heath, testified that Wilson tried to sell nuclear weapons, nuclear fuel, plans and equipment to Libya in 1980. The plan seems to have been a hoax, but when the Libyans turned it down, Wilson tried to use the threat of a Libyan bomb to bargain away his legal troubles in the US. At the same Wilson trial, Maj. Gen. Richard V. Secord, a key Pentagon official handling Mideast security affairs, testified that Wilson offered to procure a Soviet MiG-25 jet fighter in 1980. Secord, who has since resigned from the Pentagon, admitted that he also discussed "various business opportunities" with Wilson at their meeting. Secord was introduced to Wilson ten years ago by then-CIA official Thomas G. Clines, who has since become a Wilson business partner (WP 2-4-83; see Australia).

William W. Pearce, a former Washington, DC private detective, has testified before a grand jury that Sen. Strom Thurmond, R-SC, received at least \$20,000 in bribes from a middleman for Wilson. At least two Thurmond aides went to work for Wilson, and Thurmond's wife was

employed by the pr firm of Robert Gray, who served as a board member for Wilson's company Consultants International. Thurmond denies receiving any payments from Wilson. Other congressional acquaintances of Wilson include Rep. Thomas P. O'Neill, D-MA; Rep. Silvio Conte, R-MA; Rep. Charles Wilson, D-TX; Sen. John McClellan, D-Ark.; Rep. Dan Flood, D-PA (Jack Anderson, 2-2-83; 2-3-83; 3-11-83; 3-14-83; 3-15-83; 3-29-83).

Retired high-level Pentagon intelligence analyst Waldo Dubberstein was found dead of an apparent suicide after being arraigned on charges that he sold US military secrets to Libya through Wilson. When Wilson approached him in 1977 or 1978, Dubberstein was the senior officer in charge of analysis of the Middle East, South Asia, and North Africa for the DIA. Dubberstein's alleged motive for dealing with Wilson was to raise cash to pay for a German mistress (sources disagree as to whether she was from E. Germany or W. Berlin) (WP 4-29-83; 4-30-83; 5-8-83; SJM 5-9-83).

Wilson was acquitted on charges of arranging to kill Umar Abdullah Muhayshi, a Libyan opponent of Khadafi, using Cuban exile hit men (NYT 3-6-83). Eugene Tafoya, the former Green Beret found guilty of misdemeanor assault against a Libyan student exile in Fort Collins, has been arrested on charges of firebombing the car of a businessman who dealt with Wilson (DP 1-29-83).

George Gregory Korkala has pleaded innocent to charges he participated in a scheme with former CIA agent Frank Terpil to sell weapons illegally to Uganda. Korkala was recently returned to New York state after two years underground in Spain and the Middle East (UPI 3-15-83).

Wilson's departure from the CIA in 1971 to join the Navy's top secret Task Force 157 has never been explained. Now a source claims that the CIA dropped Wilson because he blew his cover to a Senate aide whom the FBI was investigating for ties to the KGB. The Navy hired him without background checks that would have turned this up (WP 3-14-83).

Paul Arthur Crafton, the notorious George Washington University professor charged with using at least 34 different aliases during his career, became involved with Ed Wilson in a business venture in 1971, when Wilson was still a deep cover operative for the CIA. Crafton also had dealings with former CIA agent turned security consultant Glenn Robinette (WP 5-1-83).

See also Australia section in this newsletter.

Former CIA director Stansfield Turner disclosed that during the Carter administration his agency sought ways to overthrow Iran's Ayatollah Khomeini, Libya's Muammar el Khadafi, Cuba's Castro, and the Sandinista regime of Nicaragua. In each case he decided that such operations would be impractical (BS 5-12-83). ABC News has reported that President Reagan authorized a secret plan to overthrow the government of Suriname with a paramilitary force of exiles but dropped the idea when Congress objected. A similar plan was considered against the leftist government of Grenada (SJM 6-1-83; SJM 2-27-83).

Retired Air Force General Richard B. Collins, charged with embezzling official funds from a Swiss bank account, says he will disclose details of the CIA's foreign financial operations and

its enormous money laundering operations as part of his defense (MH 2-10-83). . . The bomb blast that destroyed the US embassy in Beirut took the lives of at least seven CIA agents, including that of its top Mideast expert, Robert C. Ames (SJM 4-26-83). . . The CIA denies allegations reported in the *Washington Post* last year by former CIA clandestine officer Philip Liechty, that the CIA fabricated evidence of North Vietnamese aggression in South Vietnam to justify further US intervention (WP 5-9-83). . . “US said to have large spy network in Latin America” (NYT 3-20-83). . . “Why Presidents Stumble” (and ignore advice and warnings from the CIA) (Jack Anderson in Parade, 3-13-83). . . “The CIA’s secret ties to local police” (Nation, 3-26-83). . . Former CIA deputy director Max Hugel has recently been involved in a group attempting to buy a New Hampshire racetrack (WSJ 5-10-83). . . CIA Director William Casey is trading more heavily than ever in stocks--up to \$4.5 million in purchases and up to \$2.1 million in sales in 1982 alone. “Following release of Casey’s disclosure form last year, which showed he had sold more than \$600,000 in oil stock as a glut developed in world markets in 1981, the CIA established a ‘screening arrangement’ aimed at preventing him from taking official actions for personal gain.” (SJM 6-1-83). . . “U.S. took over Argentine role in Nicaragua” (SJM 4-8-83). . . “CIA loses bid to conceal records on killing of JFK” (AR 4-3-83). . . The new head of the West German BND, Eberhard Blum, is a former aide to the BND’s founder, Reinhard Gehlen, and was a resident officer in Washington for the past 13 years (German Tribune, 1-9-83).

The White House is imposing guidelines on a 2-year old Army intelligence gathering unit called Intelligence Support Activity (ISA) that has conducted operations in places ranging from Nicaragua and El Salvador to Africa and Southeast Asia. It has worked for almost a year without a legally required presidential finding that it was necessary to the national security, and the Army’s inspector general says it was monitored “insufficiently closely” to date. The unit’s existence came to light in 1981 when former Green Beret officer James G. Gritz mentioned it in connection with his efforts to locate prisoners of war still living in Southeast Asia. Former CIA director Stansfield Turner denies knowing about the unit’s existence (it apparently began operating in 1980 during the Iran hostage crisis) and current CIA director William Casey refuses to say when he learned about it (SJM 5-15-83).

Soviet diplomats have been ejected in record numbers from Western countries for spying. Socialist France expelled 47 diplomats, journalists, and residents, charging that the Soviets had been attempting to procure sensitive scientific and technological information. French spokesmen denied widespread speculation that the expulsions were related to the death of a French intelligence officer, Lt. Col. Bernard Nut, on Feb. 15, found with a bullet wound to the head on a road near Nice. Nut, according to some accounts, helped provide information to Italian authorities on a connection between Bulgarian intelligence and the attempted assassination of the pope; Nut has also been credited with providing information that led Italians to arrest Viktor Pronin, an alleged Soviet agent attached to the Rome office of Aeroflot. Other reports said his main job was counterintelligence, to protect France’s most vital nuclear secrets (French embassy press release, 4-16-83; NSWK 3-28-83; SFC 3-12-83; NYT 4-6-83). . . The Swiss government booted out a Soviet press official, charging that he was a center of “agitation and subversion” and had helped organize anti-nuclear demonstrations (SJM 4-29-83). The U.S. and Australia also kicked out Soviet officials on spying charges (SJM 4-27-83).

British Prime Minister Margaret Thatcher released the findings of an official investigation into the activities of convicted Soviet agent Geoffrey Arthur Prime, a Russian-language specialist for the Government Communications Headquarters, who admitted passing secrets for 15 years. The report found that he had inflicted “damage . . . of a very high order . . . greatly magnified by the fact that United States secrets had been no less gravely compromised than our own” (SJM 5-13-83).

## **Terrorism/Political extremism**

Orlando Bosch, convicted in 1968 of the bazooka attack on a Polish freighter in the port of Miami, is fasting in a Venezuela jail to protest his continued imprisonment on charges of bombing a Cuban airliner in 1976, killing 73 people. The Cuban American Bar Association has appealed to Venezuelan president Luis Herrera Campins on his behalf, on grounds that he has never been convicted of the crime, and indeed was acquitted by a military tribunal in 1980 (MH 3-7-83). The Venezuelan agent who arrested him, Cuban exile Ricardo Morales (see above, “Drugs”), later admitted that he, not Bosch, had supplied the explosives that blew up the plane. (Morales’s testimony is suspect, since he claimed the explosive was C4 plastic, not nitroglycerin, as Cuban and British investigations showed). Before his arrest, Bosch had undertaken missions for the Chilean DINA (including an attempt to kill the nephew of Salvador Allende) and was a founder of CORU, a exile terrorist coalition that plotted attacks on Cuban targets (MH 4-3-82; 5-13-83). His case will now be considered by a civilian court in Venezuela (MH 5-12-83). Miami celebrated Dr. Orlando Bosch Day on March 25 (MH 3-25-83).

Gaspar Jimenez, convicted of the attempted kidnapping of a Cuban diplomat in Merida, Mexico in 1976 (see John Cummings article, this issue), has been freed from a Mexican prison and will return to Miami. His crime partner Gustavo Castillo was released and deported last December. Both men were key suspects in the 1976 bombing attack on former WQBA Radio News Director Emilio Milian (MH 5-10-83).

Confessed Chilean DINA agent and assassin of former Chilean ambassador Orlando Letelier, Michael Vernon Townley, was quietly granted parole in April and due to be released from prison May 6, but for an Argentine request for his extradition on charges that he murdered Chilean Gen. Carlos Prats and his wife in Buenos Aires. The Argentines linked their request to that of the US for the extradition of Bolivian ex-interior minister Luis Arce Gomez, a reputed torturer and cocaine trafficker (see PP/USA 2.1). An Argentine judge said, “After a deep investigation, I can say without hesitation that the double homicide was carried out by Michael Vernon Townley, who was helped by Chilean authorities” (WP 5-20-83; NYT 4-19-83). Meanwhile an Italian prosecutor has charged three neofascists with attempting to kill the founder of Chile’s Christian Democratic Party eight years ago in Rome in another DINA/Townley sponsored action; the three are Pierluigi Concutelli, Stefano delle Chiaie, and Silvano Falabella (MH 5-14-83).

Gerd Heidmann, the Stern journalist who produced the famous fake Hitler diaries, has close nazi associations of his own. His wife is a fervent admirer of Hitler. He bought Goering’s yacht in 1973 and later developed friendships with Maj. Gen. Karl Wolff, Heinrich Himmler’s personal adjutant, and Wilhelm Mohnke, the SS brigade leader who had been the last

commandant of Hitler's bunker. Heidmann traveled with Wolff to South America to question escaped Nazi war criminals Klaus Barbie and Walther Rauff about the location of the Hitler diaries (SJM 5-7-83).

A report from the World Jewish Congress concludes that most of the high-ranking Nazis whose whereabouts are unknown--e.g. Martin Bormann and Heinrich Muller--are "now most probably dead." As for the infamous Josef Mengele, the Auschwitz "doctor," he apparently spent the last 15 years in the United States (*No. Calif. Jewish Bulletin*, 4-1-83). . . Profiles of Klaus Barbie, "Butcher of Lyons" (*New Times* (Moscow) 8.83 and 9.83 (February); POIN 1-31-83; ST 3-20-83; LM 2-16-83).

Karl-Heinz Hoffman, leader of the banned military "sports group" that bore his name, and which was suspected of complicity in the 1980 Munich Oktoberfest massacre, has been charged with the shooting deaths of a Jewish publisher and his female companion in December 1980 (*Jerusalem Post*, 1-20-83). . . Members of the Hoffman group have been implicated in bomb attacks against US armed forces in West Germany. These raids reflect "a serious dispute between Hamburg neo-Nazi leader Michael Kuhn and remaining members of the (Wehrsportsgruppe Hoffmann and the People's Socialist Movement of Germany). They are opposed to Kuhn's Hitler cult and uniform fetishism and call for anti-imperialist liberation war to be waged, on the Americans in particular. . . They subscribe to the old-style National Bolshevik view that what Germany needs is neutrality at peace and in friendship with the Soviet Union. Described by Kuhn as putschist adventurers, these 'left-wing' right wingers note in a pamphlet secretly distributed: "We recommend a comparison between Russian and West German officers. It will soon be clear who the sub-humans are, not to mention US soldiers of course" (*German Tribune*, 2-13-83).

Lyndon LaRouche's US Labor Party organized a conference on "directed energy beam weapons" (Ronald Reagan's "star wars" proposal for a missile defense system) in Washington, DC, and managed to attract more than 500 scientists, educators, government officials, and others. Conservatives, suspicious of LaRouche's Marxist past, criticized the conference as an attempt to coopt their followers (*Human Events*, 4-23-83).

Los Angeles police detective Jay Paul, under investigation for stashing masses of police political intelligence files in his home and garage, helped establish a massive computerized data bank on political leftists, managed by Western Goals, a Virginia-based right wing organization headed by Rep. Larry McDonald, D-Ga. Members of Western Goals' board include Gen. John Singlaub, an associate of Mitchell WerBell III, and former commander of US troops in South Korea until Pres. Carter fired him; Adm. Thomas Moorer, former chairman of the Jt. Chiefs of Staff; and Edward Teller, "father of the H-bomb." (LAT 5-24-83; cf. PP/USA/1. ). . . Federal authorities think there may be a link between Gordon Kahl, the Posse Comitatus tax protester killed in a shootout, and convicted Alabama church bomber J. B. Stoner, founder of the National States Party who is now being sought by the FBI for unlawful flight. The two men seem to have benefited from the same national support network (MH 4-13-83). . . Abu Nidal, the bloodthirsty Palestinian terrorist responsible for assassinations of PLO officials and Palestinian moderates, and the attempted murder of the Israeli ambassador to London (which triggered the Lebanese invasion), is allegedly funded by Israel to promote the splintering of Palestinian ranks (Jack Anderson in Santa Barbara News-Item,

4-25-83). . . “The Corporate State of Grace: Reagan’s Friend (J. Peter Grace) Tries to Bury the Past” (VV 4-12-83; nazi, CIA connections).

## Australia

A Federal-New South Wales police report says that former CIA official Thomas Clines may have lost almost \$1 million when the Nugan Hand bank collapsed. “The police report said that Clines worked for the CIA for 29 years before resigning in 1978. It said that Clines was introduced to Bernie Houghton, a key Nugan Hand employee, in 1979, by General Richard Secord, who is still serving with the US Air Force (ed. note: he has since resigned). The report said General Secord had known Houghton since 1972 and was responsible for introducing him to another former CIA agent, Ted Shackley. Houghton, Clines and Shackley discussed several business deals but they fell through. The police report states, ‘There are claims by two people who should know, that Clines had money invested in Nugan Hand and following the collapse of the group lost close to a million dollars.’ . . . The report said that when Houghton left Australia in June, 1980, he was accompanied by Clines, who had arrived in Sydney a few days earlier. ‘It seems that at this time, Houghton was involved with Clines in an attempt to sell Philippine-manufactured jeep-type vehicles to Egypt.’” (SMH 4-4-73). The same report says that the Nugan Hand group supplied weapons to anti-government forces in Rhodesia or Angola and may have been involved in the sale of a spy ship to Iran. These arms deals were apparently plotted with Ed Wilson, who was then a key undercover operative in the Navy’s Task Force 157. Police have also identified the man who helped Michael Hand escape from Australia in 1980 as former Green Beret and CIA agent Oswald Spencer (SMH 3-31-83; see above, Intelligence, on Wilson and Secord). A Nugan Hand company appears to have been used as a cover for one of Wilson’s Libyan arms deals (TRIB 3-23-83).

Perth tax-avoider and con man Christo Moll has been identified as an associate of Michael Hand and Frank Nugan, whom he allegedly met in Switzerland where they maintained large bank accounts. Moll became an expert courier for hot money from Australia, using former elite members of the British and Australian Special Air Services to do his work (TRIB 9-22-82). Now a former Moll associate has told a South African court that Moll lived on the farm of former South African security chief Brig. Van der Bergh after leaving Australia with \$12 million in debts. Moll allegedly laundered money for South Africa’s Bureau of State Security and was “mixed up” in the Muldergate affair involving South African propaganda and dirty tricks abroad (TRIB 3-23-83; *Melbourne Age*, 3-21-83). Michael Hand may be staying at the same van der Bergh farm (*Melbourne Age*, 4-2-83).

The political future of the New South Wales Premier, Mr. Wran, is in doubt following the appointment of a Royal Commission to investigate his possible suppression of investigations into the criminal activities of drug traffickers close to Nugan Hand, including William Sinclair (TRIB 5-18-83)

The prestigious weekly *National Times* began publishing in May a multi-part series of articles on the Australian Security Intelligence Organization, including revelations that it had leaked to the CIA damaging political information about prominent Australians; that it once burgled the home of Liberal Minister William McMahon, who became Prime Minister; that it had failed to receive warnings from the CIA of China’s invasion of Vietnam in early 1979; and that

Australia was receiving meager dividends from other forms of intelligence cooperation. Before the paper could continue its series, Prime Minister Bob Hawke, citing a threat to the country's international relations and internal security, blocked further publication (NT 5-6-83; SJM 5-7-83; TRIB 5-11-83). However, two weeks later the *National Times* started up again with reports on illegal communications intercepts by the Defense Signals Directorate taken in some cases without government knowledge (NT 5-20-83).

The new prime minister also expelled from Australia a KGB officer, Valeriy Ivanov, and ordered party faithful to shun former Australian Labor Party secretary David Combe because of his contacts with the Soviet spy. Hawke has invoked a Royal Commission into the security services, and one of its areas of inquiry will be the Combe affair. The Russian had helped Combe arrange trips to the Soviet Union for several Labor Party officials. At one of their meetings, probably bugged by ASIO, Combe offered to turn over material on CIA involvement in Australian politics in 1975; Combe says the material was merely newspaper clips, but the conversation gave ASIO an excuse to turn on him, though Hawke has stated that Combe was never a Soviet spy (SMH 5-13-83; NT 5-13-83; TRIB 5-18-83).

The Canberra-based Committee for Labor Integrity and Progress has issued a pamphlet, "The Ultra File," detailing the anti-labor, and anti-Labor Party, political machinations of the right-wing National Civic Council; it also considers the role of other organizations, including the CIA-linked Business International, a US owned firm. The booklet, containing reprints of numerous original documents, takes on added significance in light of revelations in the *National Times* that ASIO handed "copious amounts of intelligence material about people on the left in Australia, including senior officials in the Labor Party" to the National Civic Council. To obtain a copy of the pamphlet, send \$6.25 for airmail shipping to Parapolitics/USA, and delivery from Australia will be arranged.

## Italy

### Pope plot

A *New York Times* report by Nicholas Gage made the stunning revelation that a Bulgarian diplomatic defector, Iordan Mantarov, told French intelligence that a close friend in Bulgarian state security had given him details of a KGB plan to murder the pope, ostensibly because the pope was feared as a source of further unrest in Poland. A check by *Time* magazine has found serious lapses in the story; Mantarov did not have diplomatic status, but was merely a technician (the Bulgarians say a lowly mechanic) attached to the commercial section of the Bulgarian embassy in Paris, and he defected on April 11, 1981, before the assassination, not after as claimed. Although these details might cast doubt on the entire story, *Time* takes them to mean instead that the French knew about the plot in advance. "What makes this speculation important is that Alexandre de Marenches, then head of French intelligence, has said he had solid evidence in late April 1981 that an assassination attempt against the Pope was imminent. He was so confident of his information that he dispatched a pair of deputies to the Vatican to advise papal aides of the plot" (NYT 3-23-83; TIME, 4-4-83; SFC 3-24-83).

A bizarre account of the events leading to the assassination appears in the new book *Pontiff* by Gordon Thomas and Max Morgan-Witts; in this version, Agca is trained in Libya by

renegade CIA agent Frank Terpil, then “controlled” in his assassination by two KGB agents, Teslim Tore (a leftist leader from Agca’s home town) and one “Maurizi Folini, a senior KGB agent in the Balkans with good connections to extreme leftist elements in Italy’s Red Brigades.” (Folini has been accused of being the KGB control for the Italian union leader Luigi Scricciolo. See POIN 12-20-82). The account seems to be particularly informed by Istahak Cahani, identified as an Israeli intelligence agent stationed in Ankara.

Critiques of the “Bulgarian connection” theory have been legion, both by Bulgarian defense counsel and independent observers. They focus on the numerous inconsistencies in Agca’s story, the implausibility of the alleged Bulgarian controllers staying around in Italy long enough to get caught, and so forth. See particularly Frank Brodhead and Edward Herman, “The KGB Plot to Assassinate the Pope: A Case Study in Free World Disinformation,” *Covert Action Information Bulletin*, no. 19; WP 5-13-83; ABC-TV special, May 12, 1983; TRIB 2-9-83.

Nonetheless, problems are growing for the Bulgarians. A second leader of the socialist UIL union and former chief of its foreign bureau, Salvatore Scordo, has at last admitted furnishing secrets to Bulgarian intelligence agents and participating in the plot (which never came off) to kill Lech Walesa in January 1981--a plot that Agca also claims to have been involved in (POIN 4-11-83; cf. BG 3-20-83). And evidence is growing of Bulgaria’s involvement with right-wing forces, including the Turkish Gray Wolves, in arms deals. Bulgaria allegedly furnished Christian Phalangist forces in Lebanon with arms just before the 1975 civil war, and it supplied anti-communist rebels in Angola with arms through South Africa (WP 5-15-83; LT 2-20-83). On a lesser note, Italian authorities are now accusing Bulgaria of masterminding the smuggling of cigarettes into their country (BG 4-3-83; WP 3-20-83).

CIA Director William Casey and National Security Adviser William Clark, both hard-line conservatives, now reportedly believe that efforts to find a “Bulgarian connection” behind the pope plot “have run dry” (LAT 5-29-83). NBC reports that top Reagan officials were investigating the Rome CIA station chief and two officers because they refused to stop “discrediting” the Bulgarian connection. NBC suggested that the agents downplayed the connection either because of an alleged “close working relationship” between them and an Italian labor leader arrested as a Bulgarian spy; or because the CIA had infiltrated guns-for-drugs networks to smuggle agents into Eastern Europe (SJM 3-24-83).

### **Roberto Calvi, Banco Ambrosiano, P2**

Although the Vatican claims it never received funds from Banco Ambrosiano or its late boss, Roberto Calvi, it in fact made \$20 million on what appears to have been a sweetheart deal. The Vatican bank, IOR, sold shares in a company to a Panamanian front, which bought them with money advanced by Ambrosiano. But the front was also secretly controlled by the Vatican and the shares were never delivered (ST 3-6-83). As evidence mounts of Marcinkus’s machinations on behalf of IOR with Calvi, the bankers who lost from Ambrosiano’s collapse are considering suing the Vatican (ST 3-27-83).

The latest theory of Calvi’s murder pins the blame on the use of his bank “to help finance left-wing subversion in Latin America.” According to Calvi’s friend, accountant Pietro Santini, “What he didn’t realize until much later was that some of his clients weren’t what they represented themselves to be. They actually were transferring millions to revolutionary

groups in Central America, Colombia, Brazil, and other places.” The article’s author, Bernard Kaplan, adds, “Other sources here believe that, if true, this probably points to a link between international revolutionary channels, taking their orders from Moscow, and the deadly Italian crime syndicate known collectively as the Mafia.” While the story could be true, it smacks of unsophisticated disinformation; Calvi’s links to Latin America are solidly with the right, through Licio Gelli (see PP/USA/2.1; LAHE 4-10-83). A few days later Kaplan blamed Gelli’s attempted sale of Exocet missiles to Argentina on an arms ring “linked to the Soviet Union” (SFE 4-14-83).

An anonymous telephone caller from south of France has apparently described in detail how Calvi was murdered by three Italians, according to the Calvi family solicitor, Kingsley Napley. . . . Another family attorney calls Calvi’s Sardinian businessman friend Flavio Carboni a potential “suspect” in the banker’s death; shortly after Calvi’s hanging, Carboni left Britain by a flight from Gatwick airport (south of London) to Scotland, and from there by private plane to the continent; another associate, smuggler Silvano Vittor, jumped on a plane to Austria from Heathrow. Both could be considered fugitives from justice. Carboni proceeded to withdraw some \$20 million from Swiss bank accounts arranged by Calvi, for purposes unknown (LT 3-29-83; GDN 3-29-83).

An important, and well-researched account of Michele Sindona’s career has appeared in English, Luigi DiFonzo’s *St. Peter’s Banker*. Among other things, the book airs Sindona’s claims to have been swindled himself of \$52 million, some of which temporarily ended up with then New York assemblyman Anthony Di Falco. DiFonzo also solves the murder of Giorgio Ambrosoli, an Italian lawyer investigating Sindona’s banking frauds. According to this account, Sindona paid William Arico, a Gambino-linked hit man, to threaten Ambrosoli, but Arico went ahead and killed him. Arico’s role was revealed to US authorities by Henry Hill, a Lufthansa robbery suspect and narcotics dealer (see PP/USA/2.1) who employed Arico as a drug distributor. See also book excerpt in *New York*, 4-11-83 and critical review by Andrew Greeley in *NCR*, 5-6-83.

“Vatican’s Embattled Banker,” profile of Archbishop Paul Marcinkus, head of IOR (CT Magazine, 3-13-83). . . . “The Kingdom and the Money,” interview with Philadelphia’s John Cardinal Krol, one of a 15-member council of cardinals appointed to straighten out the Vatican’s finances, on the Sindona-Calvi-Marcinkus scandals (Philadelphia, March 1983).

### **Italian Mafia, drugs**

A wave of gangland murders in the US appears to be part of a larger mafia war in Italy for control of the heroin trade. Some Italian authorities believe this war between the gangs actually started with a dispute over the disappearance of 20 billion lira entrusted by various bosses to two Sicilian gang chiefs, Stefano Bontade and Toto Inzerillo, for investment in Atlantic City (ESPR 9-26-82). Two key victims, killed Feb. 2 in Dania, FL, were longtime Gambino and Bonnano family associates, Giuseppe Tramontana and Giuseppe Romano, both of Gainseville and formerly partners in Tony’s Pizzeria of Hackettstown, NJ. Tramontana was best man at the second wedding of Tomasso Buscetta, the number two Sicilian gangster and a key link in the 1960s-1970s “French Connection” in Canada and South America (see PP/USA/2.1). Tramontana was involved in drugs and in the illegal smuggling of aliens into the US from Canada (part of a scheme to revive mafia families with fresh Sicilian blood). He and

Buscetta were arrested in Dec. 1969 by US Customs authorities, whose investigations quickly linked them to Canadian drug kingpin Frank Cotroni and to Rosario Gambino, since notorious as a Sindona associate and accused heroin trafficker. Other recent murder victims include: Gambino family associate Gary Richard Francione, killed in West Covina, CA while awaiting trial on drug charges; Calogero DiMaria, a Bonanno family associate from Brooklyn, suspected of assassinating an Italian prosecutor in Palermo; Mary Polizzi Calabria, whose husband has been on the run since being indicted in 1980 with Giuseppe Romano and other Gambino family associates (probably Rosario Gambino) on heroin smuggling charges; and two other lesser mobsters. Only one arrest has been made, of Salvatore Rina, a Bonanno hit man suspected of killing Tramontana, Romano, and Francione. Rina was arrested in Nov. 1969 for smuggling aliens from Canada; he was driving a car registered to Tramontana.

The common thread among these victims seems to be Buscetta, who first gained notoriety in 1963 when he killed nine people, including seven policemen, with a car bomb. In 1975 he was indicted in New York for conspiring to smuggle \$200 million in heroin from 1969 to 1972. After a sojourn in Brazil, Buscetta is now said to be back in Sicily, having undergone cosmetic surgery (ESPR 1-30-83). Yet another Buscetta associate, Fortunato Inzone, has been arrested in Florida, and is wanted in Italy on heroin charges (*Fort Lauderdale News*, 4-11-83; 4-17-83; NYT 2-18-83; *The Canadian Connection*, passim). Italian police have arrested Buscetta partner and French Connection trafficker Carlo Zippo and 19 other Italians on charges of smuggling cocaine and other drugs from Peru and selling them in Peru, France, and other Western European countries (SJM 3-5-83).

Leading Italian-American mafia families are suspected of investing money from the heroin trade in land near a NATO base where cruise missiles are scheduled for deployment (CSM 4-26-83). . . Police in Palermo arrested 834 suspects, recovered 291 stolen cars and more than one billion lira in stolen money, plus military rifles, explosives, and drugs in a mass roundup (LT 3-7-83). A suspected mafioso arrested in Palermo in February had a secret US Drug Enforcement Administration report in his possession, prompting suggestions of a DEA mole (GDN 3-7-83). . . A former Lucky Luciano lieutenant, Antonino Sorci, and his son Carlo, both suspected of drug trafficking, were gunned down in Palermo (LT 4-14-83). . . In Rome a bomb blew apart Vincenzo Casillo, right-hand man of Naples Camorra boss Raffaele Cutolo; four days later, three more of Cutolo's men were massacred outside Naples. Cutolo's crime syndicate is under challenge by a gang called New Family (*Daily Telegraph*, 2-8-83; *Sacramento Union*, 1-30-83).

## **Terrorism**

London police arrested Luciano Petrone, believed by Spanish and Italian authorities to be the mastermind of a \$15 million bank robbery in Marbella, Spain, last Christmas. Petrone belongs to the Armed Revolutionary Nuclei, one of the most virulent right wing terrorist groups active in the 1970s, whose founder, Stefano Delle Chiaie, is now in Latin America. Police are looking into reports that another Marbella suspect, called "Lucien," had ties to the fascist Ordre Nouveau and to arms smuggling in Lyon (PP/USA/2.1; *Interviu*, (Madrid) 2-2-83; LAT 1-28-83). . . The Italian Communist Party has raised charges that a coalition of Christian Democratic politicians and members of the secret services conspired to ransom a DC leader, Ciro Cirillo, whom the Red Brigades kidnapped in April 1981. The ransom was

allegedly brokered by Camorra crime boss Rafaele Cutolo (see above), in return for which Cutolo won a slackening of police activities (LT 2-18-83).

## Miscellaneous

**Arms traffic.** Police have arrested four men on charges of trying to sell seven surplus C-130 military cargo planes to Libya. Khadafy's attempts to get transport aircraft have involved such figures as Robert Vesco, Frank Terpil, and Billy Carter (SJM 6-16-83; 6-17-83). . . A group of international gunrunners, including New York textile businessman Alex Klein, apparently plotted to ship 30 Exocet missiles to Argentina on a fake Sudan end-user certificate (LO 2-20-83).

**Fraud.** The Socialist government of Spain has nationalized the country's largest private corporation, Rumasa, after investigators found misreported assets, unpaid taxes, and highly irregular internal lending practices that cut the group's net worth to a mere \$38 million. Rumasa was headed by sherry baron Maria Ruiz-Mateos; his conglomerate encompassed hotels, farming, construction, banking, insurance, and more. Ruiz-Mateos appears to have been a stalking horse for Opus Dei, the powerful Catholic lay secret society (see Jonathan Marshall article, PP/USA/2.1) that backed Franco (ST 4-24-83; ECON 3-5-83; 4-16-83; BW 3-14-83).

**Fraud, bribery.** Michele Sindona confidant and former British intelligence agent John McCaffery is in a London jail awaiting extradition to the United States on charges of loan fraud (AC 3-31-83). . . A Philadelphia grand jury indicted Manuel Silverman, a Canadian, for conspiring to defraud investors by dealing in forged J. C. Penny bonds (WSJ 6-2-83). Silverman is a former fraud associate of Lansky bag man John Pullman. Another figure in the Penny bond fraud, mafia-connected Richard Keats, masterminded a giant check fraud against the city of Los Angeles in 1974 (WSJ 4-13-83). . . The SEC is suspending trading in the stock of several Denver companies headed by Richard Goodwin, former president of Manville Corp., the asbestos firm that declared bankruptcy to avoid lawsuits for asbestos-caused illness. No charges have been filed, but the companies look like shell operations (WSJ 2-25-83). . . Six men have been convicted of involvement in a fraudulent coal mining scheme that depended on \$31 million borrowed from Columbus Trust Co., based in Nassau and controlled by Robert Vesco associate Donald Aberle (WSJ 4-21-83). . . Sam P. Wallace Co., a large construction firm whose major shareholder is the Saudi Ghaith Pharaon, has pleaded guilty to paying a \$275,000 bribe to influence the award of a race-track contract in Trinidad (WSJ 2-24-83). . . Drysdale Securities Corp. chairman Joseph Ossorio pleaded guilty to inflating the value of investment accounts worth several million dollars in the name of various offshore corporations (SJM 4-1-83). . . Fernand Legros, dealer in art fakes and self-proclaimed intriguer extraordinary, is dead (NYT 4-8-83; Roger Peyrfitte, *La vie extraordinaire de Fernand Legros*). . . John Fedders, enforcement chief for the SEC, is the subject of a grand jury investigation that has been looking into irregularities that led to the indictment in May of Southland Corporation, parent of the 7-Eleven store chain. In earlier law practice, Fedders helped Southland in an internal investigation requested by the SEC (SFC 5-30-83). Fedders also scolded his staff for probing Ashland Oil's bribes in Oman, while his old law firm was deeply involved in the case (WSJ 5-27-83, 5-24-83).

## **U.S. Intelligence and International Terrorism**

By John Cummings

The men and women of the CIA are the eyes and ears of the free world. Like those who are part of any silent service, your sacrifices are sometimes unappreciated, your work sometimes misunderstood.  
--Ronald Reagan, June 23, 1982

The last two weeks of April 1982 are part of a “twilight zone” scenario that Douglas Schwartz will not soon forget. Like many a federal prosecutor before him, he was learning that sometimes the toughest part of his job wasn’t doing battle with crime but fighting with his own employer: The U.S. government, and particularly the “silent service.”

Schwartz, then an assistant U.S. attorney in San Diego, was on the verge of returning indictments in a major car-theft ring that delivered high-priced autos stolen in California to customers in Mexico, mostly Mexican police officials.

Now, the man who was the linchpin of the entire ring was within Schwartz’s reach, in fact, within U.S. borders. But Schwartz’s attempts to arrest him were being stonewalled by the Department of Justice itself. The target, the prosecutor was learning fast, had friends in high places for not-so-obvious reasons.

Miguel Nassar Haro, until January 1982 a top national security official of the Mexican government, was being shielded from arrest by no less than the U.S. Central Intelligence Agency.

This, despite the fact that the FBI had found that the 52-year-old Nassar was a thief, possibly a murderer, a terrorist, a torturer, a gunrunner and, very likely, a drug trafficker. And Nassar was something else, too, he was a CIA “asset,” a euphemism for an informer.

Although few Americans had heard of Nassar until that spring, he was, as it turned out, no stranger to the Justice Department. And while the evidence is not completely clear, it is clear that Schwartz was not the first federal prosecutor to run afoul of Nassar.

The Mexican official, and his associates, had sandbagged at least two previous critical investigations of international terrorism.

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And finally, the prosecutor from Miami learned that Nassar himself had destroyed evidence the

prosecutor needed to indict the exiles.

But Schwartz could not have known that back in April. He was only a small piece in a much larger puzzle. For more than a year, the CIA and a U.S. embassy official in Mexico City had been fending off Schwartz and the FBI who were probing Nassar's role in the car-theft ring.

Nassar seemed too big to touch. For years he had been head of the DFS, the Mexican state security agency that functions as combined CIA and FBI. (He left his post in January 1982, a political casualty of the Mexican election.)

As such, he had been a key man in Mexico City, which had always been a center for international intrigue. The Russians maintain a large embassy and a major espionage center there, as do the Cubans. For years, Mexico was the only Latin American country that maintained diplomatic relations with Fidel Castro.

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The fact that he had broken laws in California was immaterial to the higher-ups in Washington. He was being blindly protected by the CIA and even Ronald Reagan, who was preparing to sign a law making it a crime to reveal the identity of a CIA agent or informer.

What turned Schwartz's case in San Diego into a national scandal was that Schwartz's boss, U.S. Attorney William Kennedy, himself a Reagan Republican, was fired by Reagan because Kennedy revealed to a San Diego newspaper Nassar's CIA connections and his involvement in the car-theft ring. Had the law making it a crime to reveal a CIA asset been in effect at that time, Kennedy might well be under indictment today.

And Nassar was no innocent pawn. According to one FBI affidavit filed in federal court in San Diego, Nassar personally received some of the stolen cars himself.

"In June or July 1979," said the FBI affidavit, one of the ring leaders "traveled to DFS headquarters in Mexico City and obtained orders for stolen vehicles. . . The vehicles were subsequently stolen in California and delivered to DFS headquarters in Tijuana [just across the Mexican border from San Diego]. Miguel Nassar . . . inspected the stolen vehicles and had a number of his DFS agents accompany the stolen vehicles to Mexico City."

The affidavit states that Nassar admitted later to Cordon McGinley an FBI agent attached to the U.S. Embassy in Mexico as a legal attaché, that Nassar received one of the stolen cars, but denied knowing it was stolen. McGinley became one of the major obstacles to the investigation and kept stonewalling the Justice Department because the CIA and the embassy considered Nassar a valuable source in Mexico and Central America in general, even though Nassar had been out of office for more than three months.

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Unbeknownst to Washington, Schwartz had ordered the FBI to tail Nassar from the moment he arrived in the U.S.

“What was galling to me was that he was using our courts to flout our system of justice,” Schwartz said. But the prosecutor learned that Nassar was planning to hold a news conference in the office of attorney Marvin Mitchelson, who had filed the libel suit. Schwartz called Mitchelson’s office in Los Angeles, claiming to be a reporter for CBS, and asked about attending the conference. Mitchelson invited him right in.

When Schwartz reported this to Washington and told his superiors when and where Nassar could be found, they finally backed down and authorized a subpoena to bring Nassar before a federal grand jury but held back two days before authorizing a warrant for Nassar’s arrest.

The FBI finally arrested Nassar on April 23 as he emerged from the grand jury. Over Schwartz’s protest, a judge set bail at \$200,000, which Nassar posted and then left for Mexico. In May, when Nassar failed to appear in San Diego for a court appearance, a bench warrant was issued for his arrest. But he can only be returned now if the Mexican government agrees.

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Jimenez was a member of Accion Cubana, one of the anti-Castro exile terrorist groups that had just met in the Dominican Republic to form an umbrella group called CORU. The meeting was called, some say, at the behest of the CIA to put a stop to the violent quarrels raging between exile groups, quarrels that had spilled over into a skein of murders and bombings. Though the exile groups all hate Castro, they have little else in common.

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So Sanford began to investigate, but his experience, unlike Schwartz, did not have even a reasonably successful ending. In fact Sanford today describes it as “a nightmare.”

“I felt,” Sanford said of his investigation of the exiles, “that if these guys, such as he ones in Mexico, were so brazen to kidnap a diplomat . . . this stuff had gone too far.”

But it continued to go on. Letelier was killed two months later in Washington. The following month, CORU took credit for blowing up a Cuban airliner as it took off for Barbados, killing all 73 persons aboard. Ricardo Morales, a man with a long record as CIA asset and FBI informant, swore in a recent court deposition in Florida that he supplied the explosives that destroyed the airliner and that he was the “control” of the two men who planted the bomb on the plane. One of Morales’s men who planted the bomb has attended the CORU meeting

Back at the end of July 1976, when Sanford read the first State Department reports on the Merida incident, he learned that one of the conspirators, Castillo, was back in Miami doing business as usual. Sanford assumed the Mexicans knew this, but they made no effort to extradite Castillo.

Initial FBI reports indicated that the weapons and explosives used in the Merida case had been gathered in Miami and that gave Sanford probable cause to convene a grand jury. It was in gathering this early evidence that Sanford, a young man who found all this intrigue heady stuff, first heard the name of a Cuban exile who was to become a center of his attention. The exile was Armando Lopez Estrada, who held the title of “military coordinator” of the Brigade 2506 veterans group.

Trained and landed at the Bay of Pigs by the CIA, Lopez Estrada was one of the few to escape from the beachhead at the 1961 invasion that ended in defeat. Today, Lopez Estrada still feels betrayed by the United States. His continuing efforts to mount an invasion of Cuba led to Lopez Estrada’s indictment by Sanford. He was later acquitted because of what Sanford feels was a lack of cooperation by the CIA.

But in July 1976, those events were still in the future. Sanford’s interest was Mexico, and he learned that the Mexicans were questioning a man named Francisco Manuel Camargo. (Mark that name!) He was to figure prominently in the Merida investigation.

Camargo, a Cuban exile himself, represented Brigade 2506 in Mexico and was married to the daughter of a prominent Mexican military officer with high intelligence connections. Though Camargo was not believed to have been involved directly in the Merida assassination, police found his name on the conspirator Jimenez when he was arrested.

It was written on the back of a business card of Lopez Estrada and obviously meant for Jimenez to give to Camargo as a form of introduction. The message began “Dear Manolo [Camargo].” In the message Lopez Estrada asked Camargo “to take care of” Jimenez, saying that Jimenez was a close friend. Later, an informant in Mexico told the FBI that Camargo was more than a contact man for Jimenez. “He [Camargo]

personally planned the operation,” a Justice Department document reports the informant as saying.

And this is where Nassar enters the picture. The informant also said that Camargo knew Nassar very well and that they were close friends

Camargo’s role became even more interesting in the mid-summer of 1976 after the Merida incident. An FBI agent attached to the embassy in Mexico told Sanford, he was sending the prosecutor a packet of documents compiled by the Mexican police on the Merida case.

An American working under diplomatic cover in Mexico “volunteered” to bring the documents to Sanford in Miami “as a courtesy.” We will call him Raul. A naturalized Cuban, he still works today for the United States government, an interesting fact in light of what happened

On Aug. 1, 1976, Raul took the sealed packet of documents and boarded a flight in Mexico for Miami. What happened next was described in a Justice Department memorandum: “As a matter of courtesy, [Raul] agreed to hand deliver material in an envelope concerning the attempted kidnapping of the Cuban consul [in Merida] to agents of the Miami office of the FBI. The envelope was sealed by the FBI legal attaché [in Mexico]. The envelope [when delivered by Raul in Miami] was unsealed. Miami FBI agents advised [Raul] that they had interviewed Manolo Camargo regarding the attempted kidnaping with no positive results [Raul] advised the agents that Camargo was previously of interest to the CIA.”

The term “of interest” is an intelligence euphemism meaning that at some point Camargo was worked with the CIA in some capacity. [Ed. Note: Camargo was also rumored to be “in regular contact” with “narcotics officers” in Mexico City (Branch and Propper, Labyrinth, 185).]

The packet delivered in Miami included statements Jimenez had given the Mexican police about the kidnaping attempt and exile operations under the CORU banner, how CORU was to operate and how it had divided the hemisphere in “zones” to coordinate terrorist actions

The FBI agent waiting for Raul in Miami, after receiving the unsealed packet, decided to follow Raul as he made his way through the Miami airport and found that Raul was met by none that Camargo himself. With Camargo was another shadowy exile figure, Bernardo de Torres, a man who always shows up on the fringe of violence and a man serves as the “ersatz” foreign minister of Brigade 2506. More about de Torres later.

“The FBI was furious that [Raul] had opened the documents,” Sanford recalled. “And they said, they were going to report it to the internal security division of the Justice Department.” If any action was taken against Raul, it was never made public. He still works for the government.

It also struck Sanford as odd that Jimenez’s wife had the funds to visit her husband repeatedly in jail in Mexico and that on several occasions she had met with Raul while in Mexico. Sanford wondered where she got the money and why she met so often with Raul.

But Sanford learned that Raul was more than just a friend to prominent exile terrorists. In 1975, Raul, though attached officially to the U.S. Embassy in Mexico, took part in two terrorist acts himself, including the bombing of the Soviet ambassador’s car. An FBI source in Mexico, according to Justice Department documents, stated that he “was advised by Lopez Estrada that [Raul] had been involved in bombings of the Soviet diplomatic establishment and a Cuba embassy vehicle in November, 1975. . . . Lopez Estrada told the source that Manuel Camargo, 2506 representative in Mexico [and Raul], a U.S Embassy official in Mexico, were also involved.

“Lopez Estrada told the source that it had taken a while to ‘turn’ [Raul] to their way of thinking and that the man responsible for influencing [Raul] had been Camargo. The source advised that Camargo had told him that [Raul] drove his own vehicle to transport explosives and arms used in the November, 1975 operation. Camargo also told the source that two men and a woman, unnamed, from Miami were also involved in that operation and that they were driven to the Mexico-Texas border after the operation in one of Camargo’s vehicles.”

So, not only was the embassy official leaking evidence to the targets of the Miami investigation but was also said to have taken part in actual terrorist acts against other foreign diplomatic missions in Mexico City, a year before the Merida kidnaping attempt.

On March 22, 1977, nine months after the Merida incident, Jimenez was taken out of his Mexican jail in a commando-type action that smacked of an intelligence operation. His chief rescuer was a longtime U.S. intelligence asset named Nestor “Tony” Iszquierdo, who had worked for various American intelligence agencies until at least 1967.

Information obtained later by the Department of Justice indicated that Iszquierdo had carried off the escape by ambushing two prison guards on their way to work, tying them up in a barn and using one their uniforms to gain entrance to the prison to free Jimenez. Jimenez then drove to the Texas border in a car reportedly supplied by Iszquierdo.

Iszquierdo was arrested two days later as he landed in San Antonio and was freed in low bail over Sanford’s objections after a former official of the Defense Intelligence Agency drove from his home in Corpus Christi, Tex., to vouch for Iszquierdo. It was later found that the ex-official, a former naval officer, had once been Iszquierdo’s “control” during his intelligence career and that he had visited Iszquierdo in Miami 10 days before the escape took place in Mexico.

Several months after the escape, Iszquierdo contacted a CIA source in Mexico and turned over to him several forged documents, driver’s licenses and passports, that had been made for the Jimenez escape. Iszquierdo also gave the CIA contact several weapons, including automatic pistols with silencers.

A CIA document stated that at the same time Iszquierdo told the CIA contact that the CIA station chief in Mexico and the FBI attaché assigned to the embassy there should be contacted and “advised” that the “Cuban Brigade [Brigade 2506] was responsible for the Letelier assassination.”

Why this information was so gratuitously offered, in light of the CIA’s reluctance to ever reveal anything lest it compromise its sources has never been explained. Iszquierdo died in 1979 fighting against the Sandanistas in Nicaragua.

The CIA memo urged that the information he relayed to Assistant U.S. Attorney Eugene Propper, who was heading the Letelier investigation. Propper for months had been led astray by false leads from the CIA. Propper stated in his book *Labyrinth* that he was informed early in the case that the Brigade was behind the assassination, something Propper found to be untrue.

Parapolitics/USA has learned that a lot of that information came primarily from Bernardo de Torres. [Ed. note: The FBI kept his identity a tightly held secret even from Propper, who knew him only as “Tomboy.” In return for his disinformation, de Torres gained protection from the FBI for his other unsavory activities.] He was the man waiting with Camargo at the Miami airport when Raul arrived with the documents meant for the FBI.

Propper spent almost a year chasing this lead. Eventually he traced Letelier's killers to the Chilean Intelligence service and a group of extremist Cuban exiles from New Jersey.

In any event, Jimenez, after his escape, came back to Miami on April 1, 1977 and went about his business without any apparent interest by the Mexican government, which waited almost a year to file an extradition request. The request finally came, in part, because of the furor Sanford was raising in Miami.

In early, 1977, Sanford, accompanied by two FBI agents and a Justice Department attorney sent from Washington, went to Mexico to obtain the evidence they needed to proceed with a neutrality act indictment in Miami. Sanford wanted either the weapons and explosives seized from the exile plotters in Mexico or photos of them. This would be needed to help prove that the Merida kidnaping incident was planned in Miami and that the explosives were purchased there. With that, they could obtain an indictment in Miami, where the exiles had been running amok.

But what seemed easy in its conception became impossible to execute, largely because of Nassar. Sanford and the agents met with the Mexican attorney general and the head of the Mexican federal police. But for reasons they could not explain, they were unable to provide Sanford with the evidence he wanted, or for that matter, anything else. The evidence had become "misplaced."

"It seemed to have just disappeared," Sanford, said.

He was then sent to see Nassar at his office. Sanford recalled that the building was surrounded by "gorillas," men he described as being built like "tree stumps." Nassar sat at his desk with a machine gun at his side and a pistol nearby. Sanford recalled that Nassar seemed preoccupied with weapons seizures from Mexican leftists.

Nassar, Sanford said, told him that some leftists had kidnapped some hostages and wanted a ransom. "He [Nassar] told me he had taken some hostages himself and said he had told the leftists that his hostages would be killed in the same manner as any they held," Sanford said

The American prosecutor had heard of Nassar's "irregulars" who did his dirty work. They were regular DFS officers who worked in what was called the "Brigada Blanca," or White Brigade. They operated with impunity to terrorize enemies of the state, usually so designated by Nassar himself. They were loyal solely to Nassar and everyone, including the regular police, feared them.

They were armed with weapons, usually Israeli submachine guns, that Nassar was said to, have purchased from de Torres. One source, a man who knew de Torres well, described him as a man "who is hard to figure out, you never know which side of the fence he is standing on."

Be Torres, other sources said, ran guns into Mexico and drugs cut with Nassar's knowledge. In fact, it was common knowledge that when de Torres went to Mexico he was picked up at the airport by Nassar's personal limousine, without having to go through customs or immigration, and swiftly taken to Nassar's office.

Once source told Sanford that Nassar wanted to buy "sophisticated exotic weapons" from de Torres, whose only known source of income was a boutique in Miami. [Ed. Note: De Torres was a gun dealer for Mitch WerBell's Military Armaments Corp.]

At one point, the FBI learned that de Torres and Camargo went to Nassar and tried to make a deal for Jimenez's freedom. They said 2506 would cease operations in Mexico if Jimenez was freed. And they reportedly said that if harm came to Jimenez, Mexican airliners would be bombed. Nassar reportedly

replied them that he didn't care what 2506 did in the United States, but that he would make no deal to free Jimenez. Shortly thereafter, though, Jimenez escaped with Isquierdo's help.

As for Sanford, his problems only increased after meeting Nassar.

The DFS advised him to talk to the authorities in Merida. But in Merida they were only referred back to Mexico City. And it was on the flight to Merida that Sanford received his most shocking news.

He was told by an FBI agent that Nassar had seized and destroyed the evidence that Sanford had come to Mexico to find. The entire show of "cooperation" from the Mexicans had been a charade from the start. He says today that he was probably too stunned at the time to fully realize what had happened.

Sanford recalled after they walked out of the government building in Merida, one of the FBI agents, sat down, put his face into his hands and said: "No more, no more, I've had it."

Sanford's investigation in Miami had gone down the drain.

Eventually, Jimenez and Castillo were extradited to Mexico and are now serving jail sentences. So Sanford saw some justice done, at least in Mexico, because he kept reminding the Mexicans that exiles from Miami had tried to kill a diplomat stationed in their country, which outwardly at least professed friendship with Fidel Castro.

Schwartz and Propper see positive aspects to their experiences because of what their investigations revealed.

Sanford takes the exact opposite view. And Sanford, a man not given to displays of emotion, is angry. It is said in Miami that that you can tell when he is angry when his eyelids move.

He entered the U.S. attorney's office as a believer in the American judicial system. He ended up carrying a 9 MM automatic pistol with him wherever he went because of threats against his life. He believes his efforts were deliberately undermined in Washington and that every prosecutor in the future with face the same thing he did, given the same circumstances, and will have to wrestle with their own consciences in deciding what to do.

"Why didn't I see things more clearly, why didn't I make demands, why wasn't I more upset, where the hell was my indignation?" Sanford asks now.

"This is hindsight, of course, but reviewing my recollections produces distressing thoughts. Not so much that I could have altered outcomes, but the realization that manipulation was the name of the game. If John Dean was the victim of blind ambition, then I guess I was the victim of blind faith in the system," he said.

For the rest of us, the disturbing questions remain: How many more Miguel Nassars are there out there? And when will the United States stop aiding and abetting them in international terrorism?

## **U.S. Intelligence and International Terrorism**

By John Cummings

The men and women of the CIA are the eyes and ears of the free world. Like those who are part of any silent service, your sacrifices are sometimes unappreciated, your work sometimes misunderstood.  
--Ronald Reagan, June 23, 1982

The last two weeks of April 1982 are part of a “twilight zone” scenario that Douglas Schwartz will not soon forget. Like many a federal prosecutor before him, he was learning that sometimes the toughest part of his job wasn’t doing battle with crime but fighting with his own employer: The U.S. government, and particularly the “silent service.”

Schwartz, then an assistant U.S. attorney in San Diego, was on the verge of returning indictments in a major car-theft ring that delivered high-priced autos stolen in California to customers in Mexico, mostly Mexican police officials.

Now, the man who was the linchpin of the entire ring was within Schwartz’s reach, in fact, within U.S. borders. But Schwartz’s attempts to arrest him were being stonewalled by the Department of Justice itself. The target, the prosecutor was learning fast, had friends in high places for not-so-obvious reasons.

Miguel Nassar Haro, until January 1982 a top national security official of the Mexican government, was being shielded from arrest by no less than the U.S. Central Intelligence Agency.

This, despite the fact that the FBI had found that the 52-year-old Nassar was a thief, possibly a murderer, a terrorist, a torturer, a gunrunner and, very likely, a drug trafficker. And Nassar was something else, too, he was a CIA “asset,” a euphemism for an informer.

Although few Americans had heard of Nassar until that spring, he was, as it turned out, no stranger to the Justice Department. And while the evidence is not completely clear, it is clear that Schwartz was not the first federal prosecutor to run afoul of Nassar.

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In one instance, an American intelligence asset and the CIA had attempted to mislead federal authorities looking into the murder of former Chilean Foreign Minister Orlando Letelier, who was killed with an American co-worker when a bomb exploded in his car on embassy row in Washington, D.C.

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prosecutor needed to indict the exiles.

But Schwartz could not have known that back in April. He was only a small piece in a much larger puzzle. For more than a year, the CIA and a U.S. embassy official in Mexico City had been fending off Schwartz and the FBI who were probing Nassar's role in the car-theft ring.

Nassar seemed too big to touch. For years he had been head of the DFS, the Mexican state security agency that functions as combined CIA and FBI. (He left his post in January 1982, a political casualty of the Mexican election.)

As such, he had been a key man in Mexico City, which had always been a center for international intrigue. The Russians maintain a large embassy and a major espionage center there, as do the Cubans. For years, Mexico was the only Latin American country that maintained diplomatic relations with Fidel Castro.

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So Sanford began to investigate, but his experience, unlike Schwartz, did not have even a reasonably successful ending. In fact Sanford today describes it as “a nightmare.”

“I felt,” Sanford said of his investigation of the exiles, “that if these guys, such as he ones in Mexico, were so brazen to kidnap a diplomat . . . this stuff had gone too far.”

But it continued to go on. Letelier was killed two months later in Washington. The following month, CORU took credit for blowing up a Cuban airliner as it took off for Barbados, killing all 73 persons aboard. Ricardo Morales, a man with a long record as CIA asset and FBI informant, swore in a recent court deposition in Florida that he supplied the explosives that destroyed the airliner and that he was the “control” of the two men who planted the bomb on the plane. One of Morales’s men who planted the bomb has attended the CORU meeting

Back at the end of July 1976, when Sanford read the first State Department reports on the Merida incident, he learned that one of the conspirators, Castillo, was back in Miami doing business as usual. Sanford assumed the Mexicans knew this, but they made no effort to extradite Castillo.

Initial FBI reports indicated that the weapons and explosives used in the Merida case had been gathered in Miami and that gave Sanford probable cause to convene a grand jury. It was in gathering this early evidence that Sanford, a young man who found all this intrigue heady stuff, first heard the name of a Cuban exile who was to become a center of his attention. The exile was Armando Lopez Estrada, who held the title of “military coordinator” of the Brigade 2506 veterans group.

Trained and landed at the Bay of Pigs by the CIA, Lopez Estrada was one of the few to escape from the beachhead at the 1961 invasion that ended in defeat. Today, Lopez Estrada still feels betrayed by the United States. His continuing efforts to mount an invasion of Cuba led to Lopez Estrada’s indictment by Sanford. He was later acquitted because of what Sanford feels was a lack of cooperation by the CIA.

But in July 1976, those events were still in the future. Sanford’s interest was Mexico, and he learned that the Mexicans were questioning a man named Francisco Manuel Camargo. (Mark that name!) He was to figure prominently in the Merida investigation.

Camargo, a Cuban exile himself, represented Brigade 2506 in Mexico and was married to the daughter of a prominent Mexican military officer with high intelligence connections. Though Camargo was not believed to have been involved directly in the Merida assassination, police found his name on the conspirator Jimenez when he was arrested.

It was written on the back of a business card of Lopez Estrada and obviously meant for Jimenez to give to Camargo as a form of introduction. The message began “Dear Manolo [Camargo].” In the message Lopez Estrada asked Camargo “to take care of” Jimenez, saying that Jimenez was a close friend. Later, an informant in Mexico told the FBI that Camargo was more than a contact man for Jimenez. “He [Camargo]

personally planned the operation,” a Justice Department document reports the informant as saying.

And this is where Nassar enters the picture. The informant also said that Camargo knew Nassar very well and that they were close friends

Camargo’s role became even more interesting in the mid-summer of 1976 after the Merida incident. An FBI agent attached to the embassy in Mexico told Sanford, he was sending the prosecutor a packet of documents compiled by the Mexican police on the Merida case.

An American working under diplomatic cover in Mexico “volunteered” to bring the documents to Sanford in Miami “as a courtesy.” We will call him Raul. A naturalized Cuban, he still works today for the United States government, an interesting fact in light of what happened

On Aug. 1, 1976, Raul took the sealed packet of documents and boarded a flight in Mexico for Miami. What happened next was described in a Justice Department memorandum: “As a matter of courtesy, [Raul] agreed to hand deliver material in an envelope concerning the attempted kidnapping of the Cuban consul [in Merida] to agents of the Miami office of the FBI. The envelope was sealed by the FBI legal attaché [in Mexico]. The envelope [when delivered by Raul in Miami] was unsealed. Miami FBI agents advised [Raul] that they had interviewed Manolo Camargo regarding the attempted kidnaping with no positive results [Raul] advised the agents that Camargo was previously of interest to the CIA.”

The term “of interest” is an intelligence euphemism meaning that at some point Camargo was worked with the CIA in some capacity. [Ed. Note: Camargo was also rumored to be “in regular contact” with “narcotics officers” in Mexico City (Branch and Propper, Labyrinth, 185).]

The packet delivered in Miami included statements Jimenez had given the Mexican police about the kidnaping attempt and exile operations under the CORU banner, how CORU was to operate and how it had divided the hemisphere in “zones” to coordinate terrorist actions

The FBI agent waiting for Raul in Miami, after receiving the unsealed packet, decided to follow Raul as he made his way through the Miami airport and found that Raul was met by none that Camargo himself. With Camargo was another shadowy exile figure, Bernardo de Torres, a man who always shows up on the fringe of violence and a man serves as the “ersatz” foreign minister of Brigade 2506. More about de Torres later.

“The FBI was furious that [Raul] had opened the documents,” Sanford recalled. “And they said, they were going to report it to the internal security division of the Justice Department.” If any action was taken against Raul, it was never made public. He still works for the government.

It also struck Sanford as odd that Jimenez’s wife had the funds to visit her husband repeatedly in jail in Mexico and that on several occasions she had met with Raul while in Mexico. Sanford wondered where she got the money and why she met so often with Raul.

But Sanford learned that Raul was more than just a friend to prominent exile terrorists. In 1975, Raul, though attached officially to the U.S. Embassy in Mexico, took part in two terrorist acts himself, including the bombing of the Soviet ambassador’s car. An FBI source in Mexico, according to Justice Department documents, stated that he “was advised by Lopez Estrada that [Raul] had been involved in bombings of the Soviet diplomatic establishment and a Cuba embassy vehicle in November, 1975. . . . Lopez Estrada told the source that Manuel Camargo, 2506 representative in Mexico [and Raul], a U.S Embassy official in Mexico, were also involved.

“Lopez Estrada told the source that it had taken a while to ‘turn’ [Raul] to their way of thinking and that the man responsible for influencing [Raul] had been Camargo. The source advised that Camargo had told him that [Raul] drove his own vehicle to transport explosives and arms used in the November, 1975 operation. Camargo also told the source that two men and a woman, unnamed, from Miami were also involved in that operation and that they were driven to the Mexico-Texas border after the operation in one of Camargo’s vehicles.”

So, not only was the embassy official leaking evidence to the targets of the Miami investigation but was also said to have taken part in actual terrorist acts against other foreign diplomatic missions in Mexico City, a year before the Merida kidnaping attempt.

On March 22, 1977, nine months after the Merida incident, Jimenez was taken out of his Mexican jail in a commando-type action that smacked of an intelligence operation. His chief rescuer was a longtime U.S. intelligence asset named Nestor “Tony” Iszquierdo, who had worked for various American intelligence agencies until at least 1967.

Information obtained later by the Department of Justice indicated that Iszquierdo had carried off the escape by ambushing two prison guards on their way to work, tying them up in a barn and using one their uniforms to gain entrance to the prison to free Jimenez. Jimenez then drove to the Texas border in a car reportedly supplied by Iszquierdo.

Iszquierdo was arrested two days later as he landed in San Antonio and was freed in low bail over Sanford’s objections after a former official of the Defense Intelligence Agency drove from his home in Corpus Christi, Tex., to vouch for Iszquierdo. It was later found that the ex-official, a former naval officer, had once been Iszquierdo’s “control” during his intelligence career and that he had visited Iszquierdo in Miami 10 days before the escape took place in Mexico.

Several months after the escape, Iszquierdo contacted a CIA source in Mexico and turned over to him several forged documents, driver’s licenses and passports, that had been made for the Jimenez escape. Iszquierdo also gave the CIA contact several weapons, including automatic pistols with silencers.

A CIA document stated that at the same time Iszquierdo told the CIA contact that the CIA station chief in Mexico and the FBI attaché assigned to the embassy there should be contacted and “advised” that the “Cuban Brigade [Brigade 2506] was responsible for the Letelier assassination.”

Why this information was so gratuitously offered, in light of the CIA’s reluctance to ever reveal anything lest it compromise its sources has never been explained. Iszquierdo died in 1979 fighting against the Sandanistas in Nicaragua.

The CIA memo urged that the information he relayed to Assistant U.S. Attorney Eugene Propper, who was heading the Letelier investigation. Propper for months had been led astray by false leads from the CIA. Propper stated in his book *Labyrinth* that he was informed early in the case that the Brigade was behind the assassination, something Propper found to be untrue.

Parapolitics/USA has learned that a lot of that information came primarily from Bernardo de Torres. [Ed. note: The FBI kept his identity a tightly held secret even from Propper, who knew him only as “Tomboy.” In return for his disinformation, de Torres gained protection from the FBI for his other unsavory activities.] He was the man waiting with Camargo at the Miami airport when Raul arrived with the documents meant for the FBI.

Propper spent almost a year chasing this lead. Eventually he traced Letelier's killers to the Chilean Intelligence service and a group of extremist Cuban exiles from New Jersey.

In any event, Jimenez, after his escape, came back to Miami on April 1, 1977 and went about his business without any apparent interest by the Mexican government, which waited almost a year to file an extradition request. The request finally came, in part, because of the furor Sanford was raising in Miami.

In early, 1977, Sanford, accompanied by two FBI agents and a Justice Department attorney sent from Washington, went to Mexico to obtain the evidence they needed to proceed with a neutrality act indictment in Miami. Sanford wanted either the weapons and explosives seized from the exile plotters in Mexico or photos of them. This would be needed to help prove that the Merida kidnaping incident was planned in Miami and that the explosives were purchased there. With that, they could obtain an indictment in Miami, where the exiles had been running amok.

But what seemed easy in its conception became impossible to execute, largely because of Nassar. Sanford and the agents met with the Mexican attorney general and the head of the Mexican federal police. But for reasons they could not explain, they were unable to provide Sanford with the evidence he wanted, or for that matter, anything else. The evidence had become "misplaced."

"It seemed to have just disappeared," Sanford, said.

He was then sent to see Nassar at his office. Sanford recalled that the building was surrounded by "gorillas," men he described as being built like "tree stumps." Nassar sat at his desk with a machine gun at his side and a pistol nearby. Sanford recalled that Nassar seemed preoccupied with weapons seizures from Mexican leftists.

Nassar, Sanford said, told him that some leftists had kidnapped some hostages and wanted a ransom. "He [Nassar] told me he had taken some hostages himself and said he had told the leftists that his hostages would be killed in the same manner as any they held," Sanford said

The American prosecutor had heard of Nassar's "irregulars" who did his dirty work. They were regular DFS officers who worked in what was called the "Brigada Blanca," or White Brigade. They operated with impunity to terrorize enemies of the state, usually so designated by Nassar himself. They were loyal solely to Nassar and everyone, including the regular police, feared them.

They were armed with weapons, usually Israeli submachine guns, that Nassar was said to, have purchased from de Torres. One source, a man who knew de Torres well, described him as a man "who is hard to figure out, you never know which side of the fence he is standing on."

Be Torres, other sources said, ran guns into Mexico and drugs cut with Nassar's knowledge. In fact, it was common knowledge that when de Torres went to Mexico he was picked up at the airport by Nassar's personal limousine, without having to go through customs or immigration, and swiftly taken to Nassar's office.

Once source told Sanford that Nassar wanted to buy "sophisticated exotic weapons" from de Torres, whose only known source of income was a boutique in Miami. [Ed. Note: De Torres was a gun dealer for Mitch WerBell's Military Armaments Corp.]

At one point, the FBI learned that de Torres and Camargo went to Nassar and tried to make a deal for Jimenez's freedom. They said 2506 would cease operations in Mexico if Jimenez was freed. And they reportedly said that if harm came to Jimenez, Mexican airliners would be bombed. Nassar reportedly

replied them that he didn't care what 2506 did in the United States, but that he would make no deal to free Jimenez. Shortly thereafter, though, Jimenez escaped with Isquierdo's help.

As for Sanford, his problems only increased after meeting Nassar.

The DFS advised him to talk to the authorities in Merida. But in Merida they were only referred back to Mexico City. And it was on the flight to Merida that Sanford received his most shocking news.

He was told by an FBI agent that Nassar had seized and destroyed the evidence that Sanford had come to Mexico to find. The entire show of "cooperation" from the Mexicans had been a charade from the start. He says today that he was probably too stunned at the time to fully realize what had happened.

Sanford recalled after they walked out of the government building in Merida, one of the FBI agents, sat down, put his face into his hands and said: "No more, no more, I've had it."

Sanford's investigation in Miami had gone down the drain.

Eventually, Jimenez and Castillo were extradited to Mexico and are now serving jail sentences. So Sanford saw some justice done, at least in Mexico, because he kept reminding the Mexicans that exiles from Miami had tried to kill a diplomat stationed in their country, which outwardly at least professed friendship with Fidel Castro.

Schwartz and Propper see positive aspects to their experiences because of what their investigations revealed.

Sanford takes the exact opposite view. And Sanford, a man not given to displays of emotion, is angry. It is said in Miami that that you can tell when he is angry when his eyelids move.

He entered the U.S. attorney's office as a believer in the American judicial system. He ended up carrying a 9 MM automatic pistol with him wherever he went because of threats against his life. He believes his efforts were deliberately undermined in Washington and that every prosecutor in the future will face the same thing he did, given the same circumstances, and will have to wrestle with their own consciences in deciding what to do.

"Why didn't I see things more clearly, why didn't I make demands, why wasn't I more upset, where the hell was my indignation?" Sanford asks now.

"This is hindsight, of course, but reviewing my recollections produces distressing thoughts. Not so much that I could have altered outcomes, but the realization that manipulation was the name of the game. If John Dean was the victim of blind ambition, then I guess I was the victim of blind faith in the system," he said.

For the rest of us, the disturbing questions remain: How many more Miguel Nassars are there out there? And when will the United States stop aiding and abetting them in international terrorism?