

# Deep Events and the CIA's Global Drug Connection

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## Introduction

Recently I published two articles pointing to suggestive similarities between the recurring deep events in recent American history – those events which, because of their intelligence aspects, are ignored, misrepresented, or covered up in the American media. The first article pointed to overall similarities in many deep events since World War II. The second pointed to surprising points of comparison in the two deep events which were followed shortly by major U.S. wars: the John F. Kennedy assassination and 9/11. In the background of all these events, I suggested, was recurring evidence of the milieu “combining intelligence officials with elements from the drug-trafficking underworld.”

In this essay I shall first attempt to lay out the complex geography or network of that milieu, which I call the global drug connection, and its connections to what has been called an “alternative” or “shadow” CIA. I shall then show how this network, of banks, financial agents of influence, and the alternative CIA, contributed to the infrastructure of the Kennedy assassination and a series of other, superficially unrelated, major deep events.

In this narrative, the names of individuals, their institutions, and their connections are relatively unimportant. What matters is to see that such a milieu existed; that it was on-going, well-connected, and protected; and that, with increasing independence from governmental restraint, it played a role in major deep events in the last half century.

This of course strengthens the important hypothesis to be investigated, that this on-going milieu may also have contributed to the disaster of 9/11.

Paul Helliwell, OPC, and the CIA

In areas where Communist forces have appeared strong, the United States, at least since 1945, has resorted repeatedly to supportive counterviolence from mobsters involved in the drug traffic. At first, as in post-war Italy, these arrangements were temporary and *ad hoc*, as when Vito Genovese, a New York mafia leader, was installed as interpreter in the Allied Military Government office of Col. Charles Poletti, a former New York Tammany politician.

Then in 1947 William Donovan, now a corporate lawyer and no longer the head of the Office of Strategic Services (OSS), reportedly financed a May Day massacre of leftists in Sicily, organized by the recently deported Detroit mafia figure Frank Coppola.

Such arrangements became more centralized in 1948, after the newly created National Security Council created an Office of Policy Coordination (OPC) to carry out “subversion against hostile states” – i.e., conduct law-breaking as national policy. Thanks to OPC, the U.S. began giving significant covert support to organized drug-traffickers around the world, in the Far East, Europe, and eventually the Middle East and Latin America.

These world-wide activities became more and more inter-related. Since at least 1950 there has been a global CIA-drug connection operating more or less continuously. Especially with the passage of time, this connection has contributed to unexplained deep events and the consolidation of the global dominance mentality, at home as well as abroad. More specifically, the global drug connection is a factor underlying such unexplained deep events as the JFK assassination, the second Tonkin Gulf incident of 1964, and Iran-Contra.

The global drug connection is not just a lateral connection between CIA field operatives and their drug-trafficking contacts. It is more significantly a global financial complex of hot money uniting prominent business, financial and government as well as underworld figures. It maintains its own political influence by the systematic supply of illicit finances, favors and even sex to politicians around the world, including leaders of both parties in the United States. The result is a system that might be called indirect empire, one that, in its search for foreign markets and resources, is satisfied to subvert existing governance without imposing a progressive alternative.

One significant organizer of the post-war global drug connection — between CIA, organized crime, and their mutual interest in drug-trafficking — was former OSS officer Paul L.E. Helliwell. Helliwell, who was head of the Special Intelligence branch of OSS in Kunming, and later an officer of OPC and the CIA, was simultaneously the owner of the Bank of Perrine in Key West, Florida, “a two-time laundromat for the Lansky mob and the CIA,” and its sister Bank of Cutler Ridge. Here we shall see a number of interrelated mob-CIA money-laundering banks in the global drug connection, of which the greatest was undoubtedly the Bank of Credit and Commerce International (BCCI).

Most people have never heard of Paul Helliwell. Mainstream books about CIA wrongdoings, like Tim Weiner’s *Legacy of Ashes*, make no mention of him, of his important CIA-related bank, Castle Bank in the Bahamas, or for that matter of an even more important successor bank to Castle, BCCI. In the flood of CIA documents released since 1992, one does not find the name of Helliwell in the archival indices of the National Archive, the National Security Archive, or the Federation of American Scientists. In the million declassified pages stored and indexed on the website of the Mary Ferrell Foundation, Helliwell’s name appears exactly once – and that is on a list of documents that were *withheld* from review during the CIA’s search in 1974 for records concerning, of all things, Watergate! This silence, even in internal CIA files, about the principal architect of the post-war CIA-drug connection, is eloquent.

Most of what we know about Helliwell derives from the press reaction to the successful CIA effort to block an IRS investigation in the 1970s, known as Operation Tradewinds, of his money-laundering banks. This struggle with Helliwell and the CIA began in 1972, when IRS investigator Richard Jaffe, tracing the funds of arrested marijuana and LSD dealer Allan George Palmer, learned that Palmer “had personally brought some of his money south to

the Perrine-Cutler Ridge Bank for deposit.”

Jaffe learned also that the funds had been deposited in the account of a Bahamian entity called Castle Bank. According to Jim Drinkhall in the *Wall Street Journal*, this bank was “set up and principally controlled” by Helliwell, who “was instrumental in helping to direct a network of CIA undercover operations and ‘proprietaries.’” Drinkhall wrote that the CIA shut down Jaffe’s investigation of the Castle Bank because Castle

was the conduit for millions of dollars earmarked by the CIA for the funding of clandestine operations against Cuba and for other covert intelligence operations directed at countries in Latin America and the Far East.

Drinkhall further noted what Helliwell is probably most famous for (and what I have written about in *The War Conspiracy*):

In 1951, Mr. Helliwell helped set up and run Sea Supply Corp., a concern controlled by the CIA as a front. For almost 10 years, Sea Supply was used to supply huge amounts of weapons and equipment to 10,000 Nationalist Chinese [KMT] troops in Burma as well as to Thailand’s police.

But Drinkhall did not point out what is now not disputed, that both the KMT troops in Burma and the Thai Police were the two main arms of the CIA-KMT-Burma-Thai drug connection, and were involved together in the growth and trafficking of opium for the world market, including the United States.

Helliwell’s favors for the CIA were not restricted to the Far East. Along with two old associates from the KMT-Burma drug connection, Frank Wisner of the CIA and General Claire Chennault of the CIA’s airline CAT, Helliwell “also worked CIA operations in Central America as early as 1953-54. In those days, the target was Guatemala and its government.”

Like Chennault and his old associates from his days in China, Whiting Willauer and William Pawley, Helliwell then assisted the CIA in operations against Guatemala in 1954, and after 1960 against Castro. According to Drinkhall,

One former federal official who helped scrutinize Castle says, “Castle was one of the CIA’s finance channels for operations against Cuba.” Mr. Helliwell reputedly was one of the paymasters for the ill-fated Bay of Pigs invasion in 1961, as well as for other “extensive” CIA operations throughout Latin America.

As for ex-convict Wallace Groves’ connection to the CIA, a number of CIA documents have since been released that confirm this relationship. According to one of them,

The Wallace GROVES, mentioned in the attachments as being connected with Meyer LANSKY and the Mary Carter Paint Co./Resorts International, Inc., is identical with the Wallace GROVES who is the subject of OS file #473 865. This file reflects that from April 1966 to April 1972, GROVES was of interest to the [CIA] Office of General Counsel for the utilization of GROVES as an advisor or possible officer of one of the Project ████████ entities. Additional information in this file would suggest that GROVES was connected with Meyer LANSKY.

I suspect that these “Project ████████ entities” involved the use of off-the-books funds not included in the authorized CIA budget.

## Helliwell's Connection to Off-the-Books Operations

Since the publication of Drinkhall's article, almost every reference to Helliwell has described him as a paymaster for the Bay of Pigs, a claim which I am about to question. But a sense of the scale of Helliwell's financial involvement with the CIA can be gathered from the CIA's sequestering of almost \$5 million from another Helliwell-related entity, Intercontinental Diversified (I.D.C.). Drinkhall again:

*"Although there is no reference to the CIA in the SEC proceeding concerning Intercontinental, a former CIA official in a recent interview made an astonishing statement. He said that between 1970 and 1976, almost \$5 million of Intercontinental funds was siphoned out for the agency's use "because we had friends there." Indeed the CIA apparently had a better arrangement than mere friendship. CIA documents show that Wallace Groves, the founder of Intercontinental and holder of 46% of its shares until he sold his interest for \$33.1 million in 1978, was secretly working for the CIA from 1965 to 1972."*

Assuredly bankers do not transfer millions of dollars out of friendship. A more credible speculation is that Helliwell was the paymaster, not for officially authorized operations such as the Bay of Pigs, but for dispensing some of the funds from off-the-books operations such as the KMT drug traffic out of Burma supported by his own creations, the CIA proprietaries Sea Supply and Cat Inc. (later Air America).

Jonathan Marshall once wrote categorically that "Helliwell laundered CIA funds through the Bahamas-based Castle Bank." But this claim may require clarification. I.D.C. was a spinoff from an Asian company, Benguet Mining, that was represented by Helliwell's firm and partly owned by the Philippine dictator Ferdinand Marcos. Thus payments from Asia reached I.D.C., and it is my speculation that it was these off-the-books funds, rather than funds from the congressionally authorized CIA budget, that were used by Helliwell to finance off-the-books operations.

One of these may have been political payoffs, starting in the Bahamas itself.

In the early 1970s, IRS agents reported evidence, gleaned from taped conversations, that Intercontinental, operating through Castle Bank, had paid Bahamas Prime Minister Lyndon O. Pindling \$100,000 to grant the holding company a two-year extension of its [Grand Bahama] casino gambling license.

But the CIA as well as the casino had a penchant for corruption, and Castle was only one part of a network of banks and agents corrupting governments worldwide. Thus Castle

also did mysterious transactions with a Cayman Islands firm, ID Corp. ID's sole owner, the American Shig Katayama, became known as one of the key facilitators of Lockheed Corp.'s huge payoffs to Japanese politicians in return for airplane contracts. Of Katayama one Japanese journalist charged, "his real job (in the early 1950s) was to handle narcotics for the U.S. intelligence work."

By the 1960s if not earlier, the CIA was using its global connection to distribute non-governmental funds through agents of influence like Adnan Khashoggi and Yoshio Kodama, in the form, for example, of payoffs added into international Lockheed sales contracts. In May 1965, five months before the anti-Sukarno coup of September 1965, Lockheed payoffs in Indonesia were redirected from a supporter of President Sukarno to a new middleman

who was backing the anti-Sukarno General Suharto.

This was at a time when “Congress had agreed to treat U.S. funding of the Indonesian military (unlike aid to any other country) as a covert matter, restricting congressional review of the president’s determinations on Indonesian aid to two Senate committees, and the House Speaker, who were concurrently involved in oversight of the CIA.” Thus, Lockheed payments passed through middlemen were used to frustrate the expressed will of the U.S. Senate, which passed a resolution to cut off military aid to Indonesia altogether.

### Helliwell’s Connections to the Mob

But if Helliwell’s CIA connections were big-time, his connections to the mob, and particularly Meyer Lansky, were no less so. The Bank of Perrine was the preferred depository of Lansky funds reaching America from the Bank of World Commerce in the Bahamas, established by Lansky’s point man John Pullman in 1961. One of the bank’s directors was Alvin Malnik, Lansky’s heir in Miami Beach, and a stockholder was Ed Levinson, a business partner of Lyndon Johnson’s Senate aide Bobby Baker, whose title, before he was arrested and convicted for tax evasion, was the Secretary of the Democratic Majority in the U.S. Senate. Helliwell had a second Lansky connection as legal counsel for the small Miami National Bank, used by Meyer Lansky to launder his foreign profits and skim from the Las Vegas casinos.

Though usually described as a mob bank controlled by Lansky, the Bank of World Commerce opened on to an international scene in which the CIA had an interest. Funds reached it from the International Credit Bank in Switzerland, which had been founded by the Israeli gunrunner Tibor Rosenbaum, and acted

as banker to joint business ventures of European Jews and the state of Israel. But it also financed the acquisition and movement of weapons to Israel and its allies, particularly in Africa and central America, and reputedly acted as paymaster for Mossad, the Israeli secret service, in Europe.

According to Alan Block, Pullman’s bank had another subsidiary in the Bahamas, “united in some shadowy way with Intra Bank in Beirut, Lebanon.” Intra owned the Casino de Liban, “whose gambling concession was controlled by Marcel Paul Francisi, France’s top heroin dealer. Some investigators were convinced that Lansky and Francisi were partners in heroin racketeering, and that Lansky and his associates had a piece of the casino as well.” Francisi in turn teamed with a local Lebanese exporter of morphine base, Sami El Khoury, who in turn had “a long-term business relationship” with Lucky Luciano in Sicily, Lansky’s pre-war ally in New York City and now a major European trafficker.

Sami El Khoury had protection from the Lebanese police, and possibly the CIA as well. Alfred McCoy saw official correspondence of the Federal Bureau of Narcotics (FBN) discussing, in August 1963, “whether to use Sami El Khoury as an informant now that he had been released from prison.” One of the two FBN correspondents, Dennis Dayle, later told James Mills that El Khoury, “among the top international traffickers of all time,” did become an informant. And in the 1990s Dennis Dayle, having retired as a top DEA investigator in the

Middle East, told an anti-drug conference that “in my 30-year history in the Drug Enforcement Administration and related agencies, the major targets of my investigations almost invariably turned out to be working for the CIA.”

The Castle Bank was yet another “dual purpose laundromat” serving both the CIA and the mob. The mob’s interest in Castle was seriously understated in Jim Drinkhall’s *Wall Street Journal* article, which mentioned only that among a lengthy list of account holders at Castle were “three men – Morris Dalitz, Morris Kleinman, and Samuel A. Tucker – who have been described in Justice Department documents as organized crime figures.” (Kleinman and Helliwell had numerous real estate investments in common with Burton Kanter, the Chicago lawyer who with Helliwell organized Castle Bank.)

Alan Block suggests that in fact Castle became an active bank when it was necessary rapidly to transfer funds from Mercantile Bank and Trust in the Bahamas, another Helliwell bank that, “like Castle...was a conduit for CIA money,” and was about to go under. The funds were moved “at the vigorous urging” of Kanter,

because among the accounts in peril was one held by Morris Kleinman, a notorious organized crime figure since the days of Prohibition. On this matter, Castle’s president, Sam Pierson...stated it had to be done or “Kanter will end up face down in the Chicago River.”

Kanter seems to have specialized in handling the tax aspects of legitimating mob wealth. In addition to founding Castle Bank with Helliwell, he was “energetically at work in California” on the La Costa real estate development, which also involved former Cleveland syndicate member Moe Dalitz, “a part owner of several gambling casinos, including the Desert Inn and the Stardust Hotel.” Block links Kanter to La Costa’s ability to receive major funding from the corrupt Teamsters Central States Pension Fund: “Kanter’s access to the Pension Fund likely came from Allen Dorfman, a friend and business associate. Murdered in 1985 to prevent him from talking about mob investments, Dorfman was an important Fund official and racketeer.”

## The CIA, the Mob, and Off-the-Books Operations

Helliwell was not the only CIA connection to the mafia, nor the most highly placed. Plots to assassinate Castro in 1960 were initiated from the CIA’s Office of Security through a go-between, Robert Maheu, whose independent business had been launched with the help of an Office of Security retainer. It was Maheu who transmitted the CIA assassination proposal to John Roselli.

A more on-going relationship to the mob was maintained by the CIA’s Counterintelligence (CI) Staff Chief, James Angleton. He too used a go-between—the New York lawyer Mario Brod—who, according to a CIA memo, was a CI Staff agent in New York City from 1952 to 1971. One of the sensitive CI Staff agents handled by Brod in New York was Jay Lovestone, the AFL-CIO International Affairs Chief who transmitted funds to strong-arm gangs in Marseille allied with Corsican drug traffickers who were part of the Lansky-Luciano global drug connection.

According to Doug Valentine, Lovestone’s assistant Irving Brown was implicated in drug smuggling activities in Europe, at the same time that he used CIA money to establish

a “compatible left” labor union in Marseilles with Pierre Ferri-Pisani. On behalf of Brown and the CIA, Ferri-Pisani (a drug smuggler connected with Marseilles crime lord Antoine Guerini), hired goons to shellack striking Communist dock workers.

Lovestone, a former Communist turned militant anti-Communist, together with his mentor David Dubinsky of the International Ladies’ Garment Workers’ Union, had also fought the creation of the more militant CIO union movement in the 1930s, and the United Auto Workers of Walter and Victor Reuther in particular. The rival UAW-AFL, which Lovestone favored, turned to mobsters for muscle, and hired as its New York regional director John Dioguardi, a member of the Lucchese mafia family. Dioguardi was later blamed by U.S. Attorney Paul Williams for the blinding of labor journalist Victor Riesel and the subsequent murder of the man who threw acid in Riesel’s face.

Another sensitive agent handled by CI Staff agent Brod, Angleton’s go-between with the mob, was the Russian defector Anatoliy Golitsyn, whom Angleton segregated from the regular CIA bureaucracy in his unending search for a high-level mole inside the CIA. Angleton (according to his biographer Tom Mangold) was “quietly building an alternative CIA,” with its own communication system, archive, and vault, using very dubious information from Lovestone and Golitsyn. The heart of this alternative CIA was CI’s “inner sanctum: the super-secret Special Investigation Group” (CI/SIG), where were assembled files to show that Henry Kissinger and Averell Harriman were possible KGB moles.

A third sensitive agent handled by Brod was Herbert Itkin, a controversial double agent working with the mob on the one hand, and CIA and FBI on the other. But like Itkin, Brod himself “had contacts with the Mafia.” A CIA flap occurred in 1970 when Itkin was being used by the Justice Department and FBI to prosecute a number of mob figures with one-time connections to Havana, such as James Plumeri, Ed Lanzieri, and Sam Mannarino, for illegal kickback arrangements with the Teamsters. The U.S. Attorney telephoned the CIA’s Legal Counsel to advise that Mario Brod had entered the courtroom in order to work with the defense.

According to Court records, “The defense sought to call Mario Brod, who was described as Itkin’s contact with the Central Intelligence Agency. It was stated that Brod would testify that he would not believe Itkin under oath and that Itkin’s reputation for truthfulness was bad.” The CIA’s Legal Counsel concurred with the U.S. Attorney’s steps to block Brod from testifying. His office noted Brod’s explanation of his behavior for the record: “One of the defendants by the name of Lenzieri [(sic), i.e., Edward the Buff Lanzieri] was Brod’s only contact inside the Mafia who would alert Brod if he was in personal danger.”

But Brod may have been acting out of more than self-interest, for it has been suggested that some of the mafia defendants in the kickback trials also had a deeper CIA connection, even if off the books. According to Dan Moldea, two of the defendants, John La Rocca and Gabriel Mannarino, had been involved in Cuban gunrunning operations with Hoffa; and he suggests that Hoffa persuaded La Rocca and Mannarino, along with two other kickback defendants (Salvatore Granello and James “Jimmy Doyle” Plumeri), “to cooperate with the agency.” Moreover, all of the defendants in the kickback trials where Itkin testified, and Brod tried to intervene for the defense, were members of so-called “paper locals” in the Teamsters (and earlier the UAW-AFL), controlled by Plumeri’s nephew, John Dioguardi.

In June 1975, six months after the leak about Angleton and Operation CHAOS that led to Angleton’s ouster, *Time* magazine alleged that the CIA had used Brod’s mafia contacts,

Plumeri and Granello, “to do some spying in Cuba in preparation for the 1961 Bay of Pigs invasion.” (I have found no corroboration for *Time’s* claim in released CIA documents.)

Like Brod, Angleton himself allegedly had mafia contacts, and on at least one occasion intervened to prevent another part of the CIA from investigating the banking of illegal Lansky skim from Las Vegas. A senior official in Robert Kennedy’s Justice Department asked John Whitten, the CIA’s one time chief of the Mexico/Panama desk in Western Hemisphere Division, to investigate numbered bank accounts in Panama because Las Vegas gamblers were using them to smuggle cash, “which they skimmed off the top of their daily take.” Using his CIA pseudonym “John Scelso,” Whitten testified to the Church Committee about Angleton’s actions.

At that time we were in an excellent position to do this.... I thought it was a great idea. And promptly this came to Mr. Angleton’s attention, and we had to brief him on it, and he said, well, we’re not going to have anything to do with this. This is the Bureau’s [FBI’s] business. And whammo, end of conversation. We were called off. I went to Colonel J.C. King, who was at that time the Chief of the WH Division, and told him this, and J.C. King said....well, you know, Angleton has these ties to the Mafia, and he is not going to do anything to jeopardize them. And then I said, I didn’t know that. And he said, yeah, it had to do with Cuba.

Angleton’s defense of Lansky’s skim cannot be separated from his second function in the CIA, as handler of the Israel desk. Angleton’s connections with Mossad dated back to World War II, when he had coordinated OSS operations in Italy with the Jewish underground headed locally by Teddy Kollek (later Israel’s Mayor of Jerusalem).

#### Angleton’s “Alternative CIA” and Its Legacy

Moreover CI/SIG, the “inner sanctum” of Angleton’s “alternative CIA,” affected U.S. history significantly in 1963. Its so-called 201 or “personality” file on “Lee Henry Oswald” (the man known to the world as Lee Harvey Oswald), had been filled with false and falsified information since it was opened in December 1960. And two messages in the 201 file were falsified again in October 1963, in such a way as to allow Oswald to be a credible “designated suspect” in the assassination of John F. Kennedy one month later.

The falsification of Oswald’s 201 file may have originated as a legitimate counterintelligence operation. I have argued that the uniquely falsified messages were part of a so-called “marked card” or “barium meal” test to determine if and where leaks of sensitive information were occurring. This was a familiar technique, and was the responsibility of the CI/SIG, which was responsible for the 201 file.

But by October 1963 we see signs that CIA cables on Oswald were also being manipulated, in order to enable him to become a designated suspect in the November 22 assassination of President Kennedy. A CIA teletype to the FBI in October 1963 (drafted by a CI/SIG officer) withheld the obviously significant information that Oswald had reportedly met in Mexico City with a Soviet Vice-Consul, Valeriy Kostikov, believed by CIA officers to be an officer of the KGB. This withholding helped ensure that Oswald would not be subjected to surveillance by the FBI after the alleged encounter, surveillance which presumably could have limited his



ability to become a designated suspect by his presence at a particularly sensitive corner in Kennedy's Dallas parade route. I have argued that similar CIA withholding from the FBI of information about two alleged 9/11 hijackers, Nawaz al-Hamzi and Khalid al-Mihdar, likewise made it possible for them to play the role of designated suspects by preventing FBI surveillance, as well.

CIA Director William Colby forced Angleton to resign from the CIA in the post-Watergate climate of December 1974, following public revelations about Angleton's involvement in the CIA's possibly illegal Operation CHAOS (the surveillance of Americans in the United States). This spelled the end of Angleton's "alternative CIA" in the Counterintelligence Staff. For about another year leaks like the one we saw about CIA links to Brod's mobsters continued to expose (and in this way help terminate) the morass of CIA links to Cuban exile terrorists and other members of the global drug connection.

But in 1976 the climate changed dramatically, after Donald Rumsfeld and Dick Cheney in the so-called "Halloween massacre" (managed from President Ford's White House) replaced CIA Director Colby with George H.W. Bush, and sent Rumsfeld from the White House to be Secretary of Defense. If 1975 was the post-Watergate year of dramatic disclosures about CIA involvement with Cuban exiles and mobsters in assassination efforts, 1976 was the year in which mob-connected Cuban exiles and the Chilean intelligence agency DINA, both involved in drug trafficking, indulged in a wave of terrorist killings. These included the blowing up of a civilian Air Cubana airliner and the assassination in Washington of former Chilean foreign minister Orlando Letelier.

However, the CIA was now no longer the sole or perhaps even the chief point of U.S. contact with the DINA-sponsored international Operation CONDOR, which carried out multiple killings. U.S. Ambassador to Paraguay Robert White, a career State Department official whose antipathy to these murders cost him his job after Reagan was elected, heard from the Paraguayan Armed Forces Commander that "intelligence chiefs from Brazil, Argentina, Chile, Bolivia, Paraguay, and Uruguay used 'an encrypted system within the U.S. [military] telecommunications net[work],' which covered all of Latin America, to 'coordinate intelligence information.'"

Henry Kissinger, who in 1976 was in his last year as Secretary of State, played at best an equivocal role vis-à-vis this wave of right-wing violence. Before lecturing Chile publicly in Santiago for its human rights violations ("The condition of human rights...has impaired our relationship with Chile and will continue to do so."), Kissinger privately assured Pinochet that he was compelled by U.S. politics to say this, and that in fact his main concern was the move in the U.S. Congress to cut off aid to Chile.

U.S. protection and even support for the terrorists of 1976 has continued to the present day. Luis Posada Carriles, the principal architect of the Air Cubana bombing, "served prison time in Venezuela for the Cubana bombing;" and "later, in the 1980s, he worked again on behalf of the CIA in Central America, helping to coordinate the Contra supply network." Posada was arrested and convicted again in Panama in 2000 for an assassination attempt on Fidel Castro, this time with Guillermo Novo, one of Letelier's murderers. Both men were promptly pardoned by Panama's outgoing president. In May 2008, Posada was honored by 500 fellow Cuban Americans at a sold-out gala in Miami, after charges against him for illegal entry into the United States were thrown out by a federal judge in Texas.

CIA Director Bush also promoted Theodore Shackley, who for years had handled the CIA's

maverick Cuban exiles in Miami. According to Kevin Phillips,

In late 1976, Bush had also protected wayward or hot-triggered Agency operatives – veterans of everything from Chilean assassinations to Vietnam’s Phoenix Program and improper domestic surveillance – from indictment by President Ford’s Justice Department.

But the spirit of post-Watergate restraint returned to the CIA under President Carter and his CIA Director, Admiral Stansfield Turner. Thanks largely to a series of leaks about his friend, Edwin Wilson, Shackley’s standing in the CIA diminished until he left in 1978.

However, it is the argument of William Corson and Joseph Trento that the spirit of an alternative and more activist CIA survived under Shackley in exile. Trento writes that Shackley was supported by the Shah of Iran’s Safari Club (see below), and by Richard Helms, U.S. Ambassador to Iran. The regular CIA Station Chief in Iran “repeatedly complained that Helms seemed to be running his own intelligence operations out of the embassy,” and that CIA veterans who had worked under CIA officer Theodore Shackley, “formed the cadre of a private, shadow spy organization within America’s official intelligence service.”

#### Helliwell, Castle, and the Overworld

We have not yet dealt with the overworld connections of Castle Bank. The most affluent depositors there “were members of the fabulously rich Pritzker family from Chicago, clients of the Kanter firm.” Block observes that the Pritzkers, whose vast holdings include the Hyatt hotel chain, also obtained a loan from the Teamsters Pension Fund for a hotel-casino investment in Nevada, and that “Jimmy Hoffa and Allen Dorfman worked personally on Pritzker loans.”

Kanter and Castle Bank also planned developments with other members of the overworld, such as Henry Ford II and his wife, Christina. Mercantile, the predecessor bank to Castle, represented investments from two shipping magnates: the billionaire Daniel K. Ludwig, and the extremely wealthy Norwegian shipbuilder Inge Gordon Mosvold, who was perhaps fronting for Ludwig.

Mercantile and Castle interlocked closely with another Helliwell Bahamas bank, eventually called Underwriters Bank, Limited. Here the majority holder with 95 percent was the American insurance conglomerate American International Underwriters Corp. [AIUC], which began as part of the insurance empire headed by former OSS agent C.V. Starr, and is today part of the giant multinational AIG. Block correctly reports that AIUC “was an insurance conglomerate with suspected ties to the C.I.A. in Southeast Asia.”

I have written elsewhere how the C.V. Starr group was represented in Washington by Thomas (“Tommy the Cork”) Corcoran, and headed after World War II by Corcoran’s former law partner, William S. Youngman. It thus interlocked with the so-called Chennault circle (or Chennault’s “Washington squadron”), the powerful cabal put together with Roosevelt’s blessing in 1940 to enable the equipment, staffing, and financial support of General Claire Chennault’s Flying Tigers in China.

Corcoran had been a key figure in Washington since the 1930s, when he headed “FDR’s informal intelligence service and international spy operations long before there was an OSS.” By the 1950s, when he was said by *Fortune* to maintain “the finest intelligence service in Washington,” his lobbying activities had become intimately involved with influencing CIA covert operations:

Most of [his clients] are companies with international interests and he has a choice clientele in this field. It includes United Fruit Co., American International Underwriters Corp. (part of the C. V. Starr interests in Asia and elsewhere) and General Claire Chennault’s Civil Air Transport, Inc. In late 1951 Corcoran, for

one example, was working his intelligence service overtime keeping up with American policy on Iran—what the State Department did in this affair would be a guide to what it might or might not do to keep his client, United Fruit, from being thrown out of Guatemala.

Helliwell and Corcoran played a crucial role together in the prolongation of Chennault’s Asian influence, when the two men persuaded Frank Wisner of OPC to purchase and refinance Chennault’s post-war airline CAT (later the CIA proprietary Air America). Also figuring in this important decision was William Pawley, a key figure in Chennault’s so-called “Washington squadron” during World War II. Together with Sea Supply Inc., Helliwell’s other creation, CAT became the chief logistic infrastructure for the KMT drug-trafficking troops in Burma.

#### Helliwell and the Politics of Influence

Helliwell and Corcoran’s law firm, Corcoran and Rowe, also cooperated with William Donovan in using Thai money to influence Congress. Helliwell himself was a key organizer for the Republican Party in Florida, helping to win the state for Eisenhower in 1952 and thus launching the Republican ascendancy in the South. (Helliwell later became close to Nixon’s companion, Bebe Rebozo.)

Corcoran and Rowe, meanwhile, were Democrats, the latter close to the upcoming Texas senator Lyndon Baines Johnson. Corcoran in the 1940s had managed the accounts and political business of Chiang Kai-shek’s brother-in-law, T.V. Soong, who by diverting millions in Chinese gold to his California accounts had become one of the richest men in the world.

Together with Soong, Corcoran lobbied successfully for a lend-lease program to Nationalist (KMT) China, and to a private American Volunteer Group recruiting pilots from the armed forces for a private company headed by Corcoran’s friend, William Pawley. In fact, the pilots were being recruited to fight in China as part of Chennault’s irregular Air Force, for Chiang Kai-shek and the KMT:

In effect, Corcoran was running an off-the-books private war in which a private company, China Defense Supplies, was diverting some of the war materiel destined for China to a private army, the American Volunteer Group.

After the war, Soong, Corcoran, and Pawley became strong backers of the pro-KMT China Lobby. The State Department officers unfortunate enough to be entered in T.V. Soong’s

“black book” became targets of the purges conducted by J. Edgar Hoover and later Joseph McCarthy.

The Soong-backed China Lobby’s fortunes declined dramatically with those of McCarthy in 1954. At this point Corcoran and Donovan, who had previously collaborated on Chennault’s preemptive purchase via CAT of China’s commercial air fleet in 1949, collaborated again to maintain the flow of funds from Asia to influence Congress. The new source was the Thai dictator, Phao Sriyanon, a major beneficiary of the KMT drug network established by Helliwell, Sea Supply, and CAT. (At the time of his death as an exile in Switzerland, Phao was said to be “one of the richest men in the world.”)

After scandals and exposés had forced the revamping of the China Lobby in Washington,

the private arm of the Thai Lobby had mustered its own resources.... Through Donovan, [OSS veteran Willis] Bird [Sea Supply’s purchasing agent in Bangkok], or his other CIA connections, Phao had, by that time, hired lawyer Paul Helliwell...as a lobbyist in addition to Donovan. Donovan [who received a reported \$100,000 from the Thai government] and Helliwell divided the Congress between them, with Donovan assuming responsibility for the Republicans and Helliwell taking the Democrats.

How did Helliwell, an influential Republican lawyer working full-time in Miami, “take” the Democrats? By acting in his role as Thai Consul in Miami: his annual reports as a foreign lobbyist reveal that he passed tens of thousands of dollars a year to James Rowe, of Corcoran and Rowe.

Helliwell, Resorts International, and the Politics of Corruption

Helliwell and his banks also handled real investments for the Lansky crowd:

Among the Florida real estate companies that benefited from Helliwell’s sleight of hand was General Development Corporation, controlled by Louis Chesler, a Florida real estate developer and associate of Lansky, and “trigger Mike” Coppola, a Lansky crony. Chesler was the partner of Wallace Groves....Chesler and Groves were partners in a gambling venture with Resorts International, through a Grand Bahamian company whose counsel was the law firm of Helliwell, Melrose, and DeWolf.

Resorts International, formerly the Mary Carter Paint Company controlled by James Crosby, was the majority owner of a Bahamas resort, Paradise Island, which was unable to obtain a license until Wallace Groves was brought in as a partner in 1966. The well-known reaction of a U.S. Justice Department official to this change of ownership was, “The atmosphere seems right for a Lansky skim.” Years later, “lawyers for New Jersey’s Gaming Enforcement Division would oppose the granting of a gambling license to Crosby and his company [Resorts International], citing ‘links with disreputable persons and organizations,’ and specifically their record on Paradise Island.”

Like Helliwell and Groves, so Resorts International was part of the global CIA-mob connection. According to a 1976 CIA memorandum included in its Meyer Lansky Security file,

Resorts International, Inc., is the Subject of OS [Office of Security] file #591 722. This file reflects that Resorts International, Inc. was of interest to Cover and Commercial Staff, DDO [Operations Directorate], in 1972 and 1973.

As the same CIA memo makes clear, this was after a 1969 book, *The Grim Reapers* by Ed Reid, had exposed the company's connections to Wallace Groves and, through its casino manager Eddie Cellini, to what the CIA memo called "the gambling activities of the organized crime boss Meyer LANSKY." Resorts International, in other words, occupied a "cut-out" intermediary role between the CIA and Eddie Cellini, just as (we shall see in a moment) a similar cut-out role was performed in 1960 by the CIA's Bay of Pigs leader, Tony Varona.

1972, the year in which Resorts became "of interest" to the CIA, was also the year in which Meyer Lansky was indicted in Miami, along with Dino Cellini (Eddie's brother). One of the charges in the indictment was that "in 1968 Lansky maintained at least some control over running junkets (a profitable part of a casino operation) to the Paradise Island Casino." I shall argue later that both Resorts and the Lansky indictment may have been "of interest" to the CIA in these two years because of the showdown at that time between Nixon and the CIA in the wake of the Watergate break-in.

The CIA may have been aware of the allegations, which surfaced in 1972, that funds from the Paradise Island casino were being secretly carried to Nixon and his friend Bebe Rebozo, by a casino employee. This was Seymour (Sy) Alter, an associate on the one hand of Lansky and his man Eddie Cellini, and on the other hand "a friend of Nixon and Rebozo since 1962." The funds came from the Paradise Island Bridge Company, a company partly owned by an officer of Benguet International, a firm represented by Paul Helliwell. It is likely that Nixon himself had a hidden interest in the Bridge Company, which might explain the revelation through Operation Tradewinds that a "Richard M. Nixon" (not otherwise identified) had an account at Helliwell's Castle Bank.

#### The CIA, Eddie Cellini, Edward K. Moss, and the CIA-Mafia Plots

But there was more to the CIA-Resorts connection. Back in 1967 Resorts casino (at that time, Paradise Island) had hired as its casino manager Eddie Cellini, who had formerly managed Lansky's casino in Havana's Hotel Internacional. 1967 was the year that the CIA's Inspector-General, in his Report on CIA Plots to Assassinate Fidel Castro, had written that Eddie Cellini and his more famous brother Dino

were believed to be in touch with [Tony] Varona [member of the CIA's front group for the Bay of Pigs Operation]... and were reported to have offered Varona large sums of money for his operations against Castro, with the understanding that they would receive privileged treatment 'in the Cuba of the future.'

The Inspector-General's Report was written to deal with the political flap raised by Jack Anderson's spectacular charge in 1967 that John F. Kennedy might have possibly been killed as the result of an assassination plot against Castro "which then possibly backfired" against Kennedy himself. Jack Anderson's ultimate source for the story was John Roselli, a mob member disgruntled that his cooperation with the CIA on the assassination plots had not

protected him from conviction and possible deportation.

Researcher Alan A. Block notes that it was strangely imprudent of Paradise Island to have hired Eddie Cellini in 1967, when it had just weathered an organized crime scandal of its own. But the CIA was facing the even bigger organized crime scandal raised by Jack Anderson's column, and the I-G Report had just told CIA Director Helms that Cellini was possibly a go-between in the assassination plots between the two plot principals Varona and Santos Trafficante. One possibility is that Resorts hired Cellini to ensure that he would not join Roselli in going public.

There is an important FBI report reproduced without demurrer in a CIA document contained in its Lansky Security file, which is almost devoid of references to Lansky but could very well be called a file on the CIA-mafia plots. According to this FBI report, the contact between Varona and the Cellini brothers, representing the mob, was through a Washington public relations agent named Edward K. Moss:

Verona [sic] has taken on Edward K. Moss as his assistant for raising funds to finance operations against Castro....Julia Cellini is alleged to be Moss' mistress and operates a secretarial service [that] is really a front for Edward K. Moss' activities....Julia Cellini's brother, Dino Cellini and his brother (first name unknown), are active fronts for two of the largest casinos that operated in Cuba until the Batista regime....It is alleged that the Cellini brothers are in close contact with Tony Verona [sic] through Edward K. Moss and have offered to contribute considerable sums of money (reported as high as two million dollars) through Edward K. Moss to Tony Verona to finance operations against the Castro regime with an understanding that they would have the major slice "in the Cuba of the future."

According to the same CIA memo, Moss was a past president of the Public Relations Society of America. At the same time, according to a verbal report from Dun and Bradstreet to then-CIA agent Edwin P. Wilson, "Moss' operation seems to be government contracts for the underworld and possibly surfaces Mafia money in legitimate business activities."

All this supplies some context to the decision of the CIA Office of Security, on November 7, 1962, to secure a Covert Security Approval (CSAS) for the use of Moss by the Political Action Group of the CIA's Covert Action (CA) staff. This of course was more than a year after the FBI had advised the CIA that reportedly "the Cellini brothers are in contact with Varona through Moss and have offered to contribute as high as two million dollars to finance anti-Castro operations." Furthermore, FBI information sent to the CIA indicated that Moss's mistress Julia Cellini and her brother Dino Cellini were alleged to be procurers, while "the Cellini brothers have long been associated with the narcotics and white slavery rackets in Cuba." The CIA itself had notified the FBI on December 16, 1960, that Julia "Cellino" had advised that her brothers "have long been associated in the narcotics and white slavery rackets in Cuba."

Still further FBI information indicated that Dino Cellini "was formerly associated with Joseph Francis Nesline WFO [i.e., Washington] top hoodlum, in a gambling operation." I have written elsewhere how Meyer Lansky and Joe Nesline "systematically used sexual blackmail [i.e., through white slavery] to compromise a number of people in Washington who were politically influential."

The CIA remembered that Moss was a questionable character; a memo of November 28, 1962 referred to his "'unscrupulous and unethical' business practices." According to the I-G

Report and other memos, “A memorandum prepared by CA [Covert Action] staff in 1965 states that records do not show any use made of Moss;” but this carefully worded language would not of course rule out use made of Moss off the books. In fact, the Moss folder’s documents confirm the CIA’s interest in him, and many documents concern Julia, Eddie, Dino, and Goffredo Cellini.

The documents concerning Moss, the Cellinis, and Varona are very revealing. The FBI alerted the CIA to their relationship and the offer of two million dollars to Varona, “in view of the serious implications of [mob] infiltration of this CIA-supported activity [against Castro].” On January 23, 1961, the FBI communicated their concerns to the new Attorney General, Robert Kennedy, then in office for less than a week.

The response of the CIA was the opposite of what decorum might expect: instead of distancing itself from Moss and his associates, the CIA warmed to them. The CIA arranged for poison pills to be supplied via the mafia to Varona, who in February 1961 became the point man in the CIA-mafia plot to kill Castro. In 1962 Varona was selected again to participate, as ZRRIFLE-2, in William Harvey’s renewed assassination plots against Castro. And in the same year, as we have seen, the CIA took steps to use Moss himself.

More on the CIA, Moss, and the Politics of Corruption: Adnan Khashoggi

The indirect relationship of the CIA to Moss through a cut-out (Varona) appears to have survived into the 1970s. By this time the cut-out was Adnan Khashoggi, who for a while (like T.V. Soong and Phao Sriyanon before him) was known as “the richest man in the world.” Khashoggi was also listed in the Kerry-Brown BCCI Report as one of the “principal foreign agents of the U.S.,” and at some point in the 1970s he engaged Edward K. Moss as his public relations agent.

Khashoggi replicated the politics of corrupt influence through money and sex which we have already encountered. His contributions to Nixon’s election campaigns – some legal, some illicit – were investigated by the Senate Watergate Committee. Khashoggi is said by some to have given \$1 million to Nixon covertly in 1972, allegedly in a briefcase which he “mistakenly” left behind in Nixon’s San Clemente residence.

In addition, Khashoggi is known to have deposited several million dollars (some say \$200 million) in the bank of Nixon’s friend, Bebe Rebozo. He then “withdrew all but \$200,000 of it in the form of checks written to ‘cash’ and signed over to the Sands Hotel” in Las Vegas. It was as if Khashoggi was using the Sands as his personal laundromat. Known as “the biggest high roller ever to hit Las Vegas,” Khashoggi would lose as much as \$250,000 in one fling.

The Sands was one of the Las Vegas casinos originally part-owned by Meyer Lansky, and from which proceeds were skimmed to be deposited (as we saw) in the Miami National Bank. In the 1970s the Sands was now owned by Howard Hughes; but two veterans of the Lansky era, Carl Cohen and Jack Entratter, continued to work in the casino. Khashoggi meanwhile involved in his business deals the manager of Hughes’ Vegas properties, F. William Gay; and eventually, when Hughes was spirited secretly out of Vegas to Wallace Groves’ resort in Freeport, Bahamas, it was in Khashoggi’s plane.

Even in the Hughes era, Las Vegas casinos continued to be preferred sites for the laundering of money (disguised as gambling losses). This practice was so well established that eventually, in Operation Casablanca, U.S. Customs actually created a fake casino near Las Vegas at which top-level Mexican bank officials congregated and “avidly discussed how to handle the latest half-billion dollars in drug proceeds already on hand.” In one important case, thousands of dollars in money wrappers from the Stardust casino (mentioned above) were found on a suspected drug-smuggling plane in Florida.

There are also reports that in addition to money, Khashoggi “used sex to win over U.S. executives.” The bill for the madam who supplied girls en masse to his yacht in the Mediterranean ran to hundreds of thousands of dollars.

The CIA’s interest in Khashoggi and Moss was not limited to the funds the two men had accessible. By the 1970s, Moss was Chairman of the elite Safari Club in Kenya, where he invited Khashoggi in as majority owner. And as former Saudi intelligence chief Prince Turki bin Faisal once revealed publicly, the intelligence chiefs of a group of countries (France, Egypt, Saudi Arabia, Morocco, and Iran under the Shah) met regularly at the Safari Club to conduct covert operations which the CIA was unable to carry out in the wake of the Watergate scandal.

CIA officers such as Miles Copeland and James Critchfield became part of Khashoggi’s milieu. They advised Khashoggi on diplomatic initiatives, such as a proposed Mideast Peace Fund that would reward both Israel and Palestine for recognizing each other. Khashoggi had the ability to negotiate with the Israelis; he is said to have been introduced to the Israelis by former gunrunner Hank Greenspun, the politically influential editor of the *Las Vegas Sun*.

In general, Khashoggi represented the post-war emigration offshore of immense wealth and the power it conveyed. He served as a “cut-out,” or representative, in a number of operations forbidden to those he represented. Lockheed, for one, was conspicuously absent from the list of military contractors who contributed illicitly to Nixon’s 1972 election campaign. But there was no law prohibiting their official representative, Khashoggi, from cycling \$200 million through the bank of Nixon’s friend, Bebe Rebozo.

All this suggests that the CIA’s interest in Moss – as later in Khashoggi, in Wallace Groves, in Operation █████, and in Eddie Cellini’s employers at Resorts International – had to do with irregular funding for off-the-books covert operations. And if any such funds were passed, the context suggests that the man fingered to handle them would have been Paul Helliwell, the man the *Wall Street Journal* reported was “‘deeply involved’ in financing a series of covert forays between 1964 and 1975 against Cuba.”

Helliwell, Castle Bank, Bruce Rappaport, and BCCI

Through this rapid survey of Helliwell’s banks we have seen that he was central to a connection between the worlds of intelligence, organized crime, global drug trafficking, political influence, and speculative investment, often in hotel-casinos, with overworld figures. But the connection was not one engineered by Helliwell himself; there were other powerful people in the background, some of whom would maintain the connection after



Helliwell died in 1976 (just as Castle Bank was beginning to attract the attention of journals like *Newsweek*).

One of the most important may have been former OSS Chief William Donovan (about whom we shall have more to say). According to Pete Brewton,

One of the attorneys in the *One Flew Over the Cuckoo's Nest* case made the statement that Kanter was introduced to Helliwell by General William J. "Wild Bill" Donovan, the famous leader of the OSS during World War II, and Helliwell's OSS boss. Kanter denied that. "I personally never met Bill Donovan. I believe I may have spoken to him once by phone at Paul Helliwell's request..."

Another OSS figure, more directly involved, was Helliwell's partner in the Florida bank holding company (called HMT and later Florida Shares) that owned the Bank of Perrine and the Bank of Cutler Ridge. This was

E.P. Barry, who had been a U.S. military intelligence officer in the Office of Strategic Services (OSS) during World War II. By the end of the war, he was the head of U.S. Counterintelligence (X-2) in Vienna.... Barry ... was a longtime associate of [CIA Director] William Casey, according to a Castle Bank officer.

Barry was simultaneously a key shareholder in Florida Shares and in the Inter Maritime Bank of Bruce Rappaport, a close friend and business associate of William Casey. Rappaport, an oilman and oil tanker broker "thought to have ties to U.S. and Israeli intelligence," had numerous connections to the world's largest-ever intelligence-drug laundromat - the Bank of Credit and Commerce International (BCCI). The Gokal shipping family of Pakistan, leading BCCI investors who later contributed to BCCI's bankruptcy, was also shareholders with Rappaport and Barry in the Inter Maritime Bank. Alfred Hartmann, a board member of BCCI, was both vice-chairman of Rappaport's Swiss bank, Bank of New York-Intermaritime, and also head of BCCI's Swiss subsidiary, the Banque de Commerce et de Placements (BCP).

And according to Block and Weaver, "Rappaport worked the National Bank of Oman (a BCCI/Bank of America joint venture), helping funnel millions of CIA and Saudi dollars to Pakistan for the Afghan rebels during its 1980s war with the Soviets." Rappaport's key man in Oman was Jerry Townsend, an alleged former CIA operative who now ran Colonial Shipping Co. in Atlanta, where he knew BCCI associate Bert Lance.

BCCI and an Israeli intelligence agent were also involved in Medellin arms sales, via a "melon farm" in Antigua partly financed by William Casey's friend, Bruce Rappaport.

Bruce Rappaport ... owned the land on which Maurice Sarfati, a former Israeli military officer, set up his melon farm. And one of Rappaport's banks in Antigua made a large loan to Sarfati—which was never repaid. Sarfati (who also walked away from a loan guaranteed by OPIC, the U.S. government insurance agency) took it from there, first cultivating government officials and then providing entree to their offices to his compatriot Yair Klein.

Klein's work [was] in Colombia, where his Israeli-licensed "security" company, Spearhead Ltd... trained the hit squads of the Medellin cocaine cartel in assassination and bombing techniques, was beginning to attract unwelcome attention. .... In 1988, Klein was in Antigua, looking for a new way to provide arms to his Medellin client, Jose Gonzalo Rodriguez Gacha.

Rappaport's apparent links to Mossad raise the question whether Helliwell's connections to

Lansky's Bank of World Commerce and Tibor Rosenbaum did not also constitute a connection to Mossad. The same question is raised by Helliwell's legal representation (according to the Martindale-Hubbell Legal Register) of the Eastern Development Company: a firm of this name cooperated with Lansky, Hank Greenspun, and others in the supply of arms to the nascent state of Israel.

It is clear that Jews were, like many other minorities, a constituent in the global drug connection. More importantly, they were an important part of the financial infrastructure of that connection – but even at this level they did not operate alone. The global drug connection combined Jewish banks in Florida and Switzerland with those of Teochew, Fujian, and Hokkien Chinese in Southeast Asia and Hong Kong, the Muslims of Bank Intra and later BCCI in the Middle East, and furthermore Italian banks like those of Michele Sindona and Roberto Calvi, both members of the intelligence-linked Masonic Lodge P-2, and both murdered after their banks failed from mafia involvement. It is my impression that none of these ethnic minority elements ever surpassed in power the dominant role of figures from the mainstream, like Donovan and Helliwell.

(As a person deeply committed to nonviolence, I also have to acknowledge that the violence of the ethnic groups in the global drug connection, although later powerful and indeed intelligence-related, had its origins in redressive violence, against a system dominated above all by European and American interests.)

One of these mainstream figures was the mysterious E.P. Barry, an investor with both Helliwell and Rappaport. One of the very few things known about Barry is that he was in OSS during World War II, and that towards the end of the war Donovan appointed him head of OSS Counterintelligence (X-2) in Vienna.

OSS X-2, or Counterintelligence, was the most secretive and highly classified of the OSS branches, and the one whose precise mission was to penetrate the German Sicherheitsdienst [SD]. According to a 1946 OSS Report, “an equally interesting X-2 activity was the investigation of RSHA [SD] financial transactions” (Operation Safehaven). In the course of these investigations, the U.S. Third Army took an SD major “on several trips to Italy and Austria, and, as a result of these preliminary trips, over \$500,000 in gold, as well as jewels, were recovered.” Some of the Nazi gold recovered under Barry's supervision was subsequently used to finance U.S. intelligence operations in Germany in the immediate post-war years.

Barry, with this intriguing background, represents the continuity between the Helliwell intelligence-drug connection which flourished until 1972 (the year the IRS's Operation Tradewinds began to investigate the Bank of Perrine) and the BCCI intelligence-drug connection which flourished after 1972 (the year BCCI was founded).

Like Khashoggi before it, BCCI had the ability to broker Arab-Israeli-China arms deals, as well as its contacts to western intelligence and politicians. Indeed, the bank seems to have largely inherited Khashoggi's function as an agent of influence in the Middle East and elsewhere after the United States, by the Corrupt Federal Practices Act of 1978, outlawed direct payments by U.S. corporations to foreign individuals.

BCCI also inherited and vastly expanded Khashoggi's use of money to influence and corrupt American politicians. BCCI's Pakistani president, Agha Hasan Abedi, rescued Jimmy Carter's Treasury Secretary Bert Lance from bankruptcy, and thereby developed a relationship with

Carter himself.

A Senate report on BCCI concluded that

BCCI's systematically relied on relationships with, and as necessary, payments to, prominent political figures in most of the 73 countries in which BCCI operated. ...The result was that BCCI had relationships that ranged from the questionable, to the improper, to the fully corrupt with officials from countries all over the world, including Argentina, Bangladesh, Botswana, Brazil, Cameroon, China, Colombia, the Congo, Ghana, Guatemala, the Ivory Coast, India, Jamaica, Kuwait, Lebanon, Mauritius, Morocco, Nigeria, Pakistan, Panama, Peru, Saudi Arabia, Senegal, Sri Lanka, Sudan, Suriname, Tunisia, the United Arab Emirates, the United States, Zambia, and Zimbabwe.

And from two well-researched books by journalists from *Time* and the *Wall Street Journal*, we learn that among later highly-placed recipients of largesse from BCCI, its owners, and its affiliates, were

Ronald Reagan's Treasury Secretary James Baker, who declined to investigate BCCI; and

Democratic Senator Joseph Biden and Republican Senator Orrin Hatch, the ranking members of the Senate Judiciary Committee, which declined to investigate BCCI.

The CIA, BCCI, and a "Long Tradition of Shady Banks"

But Barry is not the only link between the drug banks of Helliwell and BCCI. A more central figure is General George Olmsted, the head of the Washington bank holding company known as the International Bank. In March 1973 Olmsted had the International Bank (which "had a reputation as a CIA bank") buy 66 percent of the capital stock of the failing Mercantile Bank in the Bahamas (Castle's predecessor), even though "International's officers knew the actual state of Mercantile's financial health." Starting in 1977, International started to sell its stock in Financial General Bankshares (later known as First American), a major American bank holding company, to BCCI front men, who later took over First American for BCCI.

The most common explanation is that the CIA not only used the bank, but had helped develop it. Journalists Peter Truell and Larry Gurwin, the authors of the definitive book on BCCI, speculated that the CIA's relationship with its founder, Agha Hasan Abedi, might have gone back to before BCCI's founding in 1972. They observed also that BCCI was only the latest in an overlapping series of money-laundering banks that did services for the CIA - Deak & Company, Castle Bank & Trust, and Nugan Hand.

The Global Connection and Narcotics

One of these interlocking banks, the World Finance Corporation in Florida, became the

target of “perhaps the largest narcotics investigation of the decade.” But the investigation, “involving scores of federal and state agents, had to be scrapped after a year because the CIA complained to the Justice Department that a dozen top criminals were ‘of interest’ to it.”

Another drug-linked bank was the Australian Nugan Hand Bank, which chose as auditor Price Waterhouse in the Bahamas in 1976, the year that both Castle and Mercantile were collapsing. After its spectacular collapse in 1980, Australian investigators concluded that Nugan Hand had been involved in the financing of major drug deals, as well as the laundering of profits: two official investigations “placed Nugan Hand in the critical role of surreptitiously transferring drug income overseas, where it obviously could be reinvested in more illegal drugs.”

Nugan Hand collected an impressive number of former CIA officers, including its “mysterious puppetmaster” Bernie Houghton, who back in the 1950s allegedly took the place of Helliwell in Bangkok, and former CIA Director William Colby. Of particular interest is the involvement with Nugan Hand of Thomas Clines, a CIA officer in Laos under Theodore Shackley who later resigned to work in the outsourced intelligence network of Edwin Wilson. When the Nugan Hand Bank collapsed spectacularly in 1980 (with the suicide or murder of Frank Nugan), it was Thomas Clines who helped spirit Houghton quietly out of Australia. The two men, along with Edwin Wilson and Theodore Shackley and BCCI, then participated in off-the-books covert operations against the Soviets in Afghanistan, working not for the CIA but for the Safari Club.

The CIA office in Chiang Mai, when the main business of the city was opium trafficking, was on the same floor as the local office of the DEA. According to Jonathan Kwitny, “The DEA receptionist answered Nugan Hand’s phone and took messages when the bank’s representatives were out.” Nugan Hand’s representative there, Neil Evans

has said he was present when Michael Hand and Ron Pulger-Frame – the former Deak & Company courier who went to work at Nugan Hand – discussed the shipment of CIA money to the Middle East, Saudi Arabia, and Panama. Evans has said Nugan Hand moved \$50 to \$60 million at a time for the CIA, and also that Nugan Hand was involved in Third World arms deals.

Evans also told Australian television that the millions he handled were “garnered from the drugs transiting the area. The bank, he put it starkly, was a ‘laundry’ for Meo [Hmong] tribesmen and other poppy growers.”

In *The Road to 9/11* I describe how Casey’s reliance on BCCI to distribute U.S. assistance to the Afghan mujahideen fighting the Russians led to most aid reaching the faction of Gulbuddin Hekmatyar, the leading drug trafficker in Afghanistan who soon (thanks to aid from the U.S. and Pakistan) became perhaps the leading heroin trafficker in the world.

This pattern of a drug connection repeated itself in the 1990s, after the USSR withdrew from Afghanistan and BCCI collapsed soon thereafter. In Azerbaijan (under oil company cover), veterans of CIA operations under Shackley and Clines in Laos, like Richard Secord, Heinie Aderholt, and Ed Dearborn, set up an airline on the model of Air America which soon was “picking up hundreds of mujahideen mercenaries from Afghanistan.” The Arab Afghans’ Azeri operations were also financed with Afghan heroin.

Loretta Napoleoni has argued that there is an Islamist drug route of al Qaeda allies across

North Central Asia, reaching from Tajikistan and Uzbekistan through Azerbaijan and Chechnya to Kosovo. This leads us to the paradoxical fact that in 1998 Clinton came to the support of the al Qaeda-backed Kosovo Liberation Army (KLA). He did so even though “[i]n 1998, the U.S. State Department listed the KLA ... as an international terrorist organization, saying it had bankrolled its operations with proceeds from the international heroin trade and from loans from known terrorists like Osama bin Laden.”

Finally, if former FBI translator Sibel Edmonds is to be believed, this same flow of heroin has been financing the corruption of Congress under George W. Bush. Edmonds was fired from the FBI in 2002, after accusing a colleague of being a security threat. She has since contested her firing in a whistleblower suit which the government has blocked by invoking the State Secrets privilege. She has also been prohibited from speaking publicly about her case.

According to Daniel Ellsberg, Edmonds’ concern is the al Qaeda connection described by Napoleoni:

Al Qaeda, she’s been saying to Congress, according to these interviews, is financed 95% by drug money – drug traffic to which the U.S. government shows a blind eye, has been ignoring, because it very heavily involves allies and assets of ours – such as Turkey, Kyrgyzstan, Tajikistan, Pakistan, Afghanistan – all the ‘Stans – in a drug traffic where the opium originates in Afghanistan, is processed

in Turkey, and delivered to Europe where it furnishes 96% of Europe’s heroin, by Albanians, either in Albania or Kosovo – Albanian Muslims in Kosovo – basically the KLA, the Kosovo Liberation Army which we backed heavily in that episode at the end of the century....Sibel says that suitcases of cash have been delivered to the Speaker of the House, Dennis Hastert, at his home, near Chicago, from Turkish sources, knowing that a lot of that is drug money.

In 2005 Sibel Edmonds’ charges were partly aired in *Vanity Fair*. There it was revealed that she had had access to FBI wiretaps of conversations among members of the American-Turkish Council (ATC), about bribing elected U.S. officials, and about “what sounded like references to large-scale drug shipments and other crimes.”

#### Conclusion: A Continuous Succession of Drug-Related Deep Events

Mafias and empires have certain elements in common. Both can be seen as the systematic violent imposition of governance in areas of undergovernance. Both use atrocities to achieve their ends; but both tend to be tolerated to the extent that the result of their controlled violence is a diminution of uncontrolled violence. (I would tentatively suggest an important difference between mafias and empires: that, with the passage of time, mafias tend to become more and more part of the civil society whose rules they once broke, while empires tend to become more and more irreconcilably at odds with the societies they once controlled.)

In this book we have seen an overlap between the infrastructures of the American mafia and the indirect American empire. And in this chapter I have attempted to describe the epicenter

of this overlap in a milieu, expanding at its outer limits into a global nexus that I have called the global drug connections, with intimate links to both the U.S. underworld and U.S. overworld. The nexus links U.S. intelligence to the intelligence services of many other countries, including Taiwan, Israel, Italy, and Chile. It also oversees financial contributions to the leading politicians of many countries, including both parties of the United States.

All of the major deep events in recent American history, and all of the major expansions of the U.S. indirect empire since World War II, can be linked to this global drug connection:

— The first U.S. postwar presence in East Asia was established in conjunction with the drug-financed KMT in Taiwan.

— The U.S. presence in Southeast Asia began with Sea Supply's support for KMT drug traffickers in East Burma, then expanded in the mid-fifties with the drug-financed PARU force into Laos, while the CIA secured Saigon by controlling drug distribution there.

— The interlocking finance company Deak & Company, founded by OSS veteran Nicholas Deak, "was reportedly used by the CIA to finance covert operations, including the 1953 overthrow of democratically elected Iranian Prime Minister Mohammed Mossadeq."

— The 1954 overthrow of democratically elected Guatemalan President Jacobo Arbenz was partly achieved with the support of Nicaraguan dictator Anastasio Somoza, a major figure in Lansky's arms pipeline to Israel in the 1940s, and whose Guardia Nacional was deeply involved in Caribbean drug trafficking thereafter.

— The introduction of CIA covert forces in Laos in 1960, which eventually grew into a drug-financed irregular army of tens of thousands, was achieved with a force that grew out of the Sea Supply operation in Thailand. The CIA's private war in Laos, which President Kennedy sought vainly to contain, was the true starting point of the U.S. war in Vietnam.

— Angleton's "alternative CIA," CI/SIG, manipulated and falsified its "intelligence" about Lee Harvey Oswald in such a way as to prepare him to be the designated suspect in the assassination of President John F. Kennedy.

— The overthrow of democratically elected Indonesian President Sukarno in 1965 was achieved in part by covert assistance through Lockheed Corporation payoffs, and in part by the intervention of Sasakawa Ryoichi, a CIA agent of influence, along with his friend Kodama Yoshio, with the *yakuza* in Japan. Sasakawa and Kodama were also recipients of Lockheed payoffs facilitated partly by Deak & Company, and partly on the scene by Shig Katayama, whose ID Corp. in the Cayman Islands conducted mysterious business transactions with Helliwell's Castle Bank.

— BCCI provided the initial infrastructure for the CIA intervention in Afghanistan in 1979, and the ensuing alliance with the major drug trafficker Gulbeddin Hekmatyar. Pakistan's President Zia arranged for Zbigniew Brzezinski, Carter's National Security Adviser, to work with Lt.-Gen. Fazle Haq; while a BCCI informant told U.S. authorities that Fazle Haq was "heavily engaged in narcotics trafficking and moving the heroin money through the [BCCI] bank." Hekmatyar in the next decade received more CIA aid than any other CIA asset before or since.

— In 1970, a CIA officer with the pseudonym Henry J. Sloman, who was also "a high-risk smuggler directly linked to the Mafia," was dispatched to Chile, where he became involved

with the right-wing plotting to assassinate General René Schneider, commander-in-chief of the Chilean Army.

— Orlando Letelier was murdered in Washington in September 1976 by a team including Cuban exile drug-traffickers, working for the dug-financed Chilean intelligence agency DINA. Though the US Government was already aware of DINA's Operation CONDOR for such foreign-based murders, CIA Director Bush chose publicly to deflect suspicion away from DINA.

— According to Robert Parry, Alexandre de Marenches of the Safari Club arranged for William Casey (a fellow Knight of Malta) to meet with Iranian and Israeli representatives in Paris in July and October 1980, where Casey promised delivery to Iran of needed U.S. armaments in exchange for a delay in the return of the U.S. hostages in Iran. (This was the so-called Republican "October Counter-surprise.") Parry suspects a role of BCCI in both the funding of payoffs for the secret deal, and also the subsequent flow of Israeli armaments to Iran.

— In 1981 Mehmet Ali Ağça, a member of the Turkish drug-trafficking Grey Wolves, attempted to assassinate Pope John Paul II. *Le Monde diplomatique* later reported that the assassination attempt was organized, at the request of Turkish mafia chief Bekir Celenk, by Abdullah Çatli, a drug-trafficking Grey Wolf leader of death squads for Turkish intelligence. *Le Monde diplomatique* added that one year later Çatli visited Miami with the notorious Operation CONDOR killer, Stefano delle Chiaie.

— Shackley, Khashoggi, and BCCI were instrumental in inaugurating the illegal Iran-Contra Connection of 1985-86, which diverted funds from arms sales to Iran to support of the Contras in Honduras and Costa Rica.

— The looting of Russia during the Yeltsin era in the 1990s saw funds channeled through Rappaport's Inter Maritime Bank into the Bank of New York, where Rappaport also had an important if not controlling interest.

— In 1991, Shackley's colleague Richard Secord created an airline in Azerbaijan which arranged to fly in hundreds of mujahideen from Afghanistan recruited by Gulbuddin Hekmatyar.

— U.S. support for the Kosovo Liberation Army in 1998, a group backed by al-Qaeda and financed in part by drugs, led to revelations that for years at least one of the KLA leaders had a longtime relationship with the U.S. private military company MPRI. (As late as 1997 the KLA had been recognized by the United States as a terrorist group supported in part by the heroin traffic.)

(The list could be indefinitely expanded. For example, the conversion of Australia into a dependable U.S. ally can be dated to the fall of democratically elected Labor Prime Minister Gough Whitlam in 1975, in which Penny Lernoux and others have seen the hidden hand of the Nugan Hand Bank.)

This deep continuity underlying U.S. expansion since World War II helps make credible the startling phenomenon described in our last chapter - namely, that deep events such as the Kennedy assassination and 9/11 are not unrelated, or the product of forces attacking America from outside. Rather, at least in part, they surface into public awareness out of the

deep connection described in this chapter, a connection whose presence is ongoing but almost completely unacknowledged.

#### Further Conclusion: The Increasing Threat to Stable Democracy

But when this list of covert interventions and deep events is viewed synoptically, a pattern can be seen of increasing deviation from the policies of the public state. The assistance of the global connection for the CIA's interventions in Iran (1953) and Guatemala (1954) was in support of operations previously sanctioned by the National Security Council (and before that the Council on Foreign Relations).

But the drug-financed evolution of a CIA-trained force in Thailand into an offensive force invading Laos was an operation explicitly *not* authorized by the National Security Council. As Daniel Fineman has noted,

JCS [Joint Chiefs of Staff] preference for direct aid to French forces forced the NSC [National Security Council] in September [1953] to authorize implementation of only phase one ["strengthening Thailand's will and ability to resist"], postponing indefinitely execution of the provisions in phase two taking the psychological war to neighboring countries.

And the falsification of Oswald's file by Angleton's CI/SIG, although it may have been initially authorized as a legitimate tool in the search for an alleged mole in the CIA, eventually facilitated the successful assassination of John F. Kennedy and the ensuing cover-up. At this point, the global connection was no longer simply a force acting in support of the public American state; it had developed relations with forces attacking the public state.

This pattern of increasing deviation can be used to refine our notion of the American deep state. Initially the deep state can be identified with the Office of Policy Coordination (OPC), the creation (invisible at the time) of the National Security Council that facilitated the original Helliwell-CIA-mob connection. With the absorption of OPC into the CIA in 1953, the American deep state ceased for many years to exhibit the relatively coherent and disciplined concentration of authority that one sees in the deep states of Turkey or Italy or Colombia, or at one time in Chile and Argentina. At this stage the American deep state was unified by the economy of drugs but not much else. Its nebulous connection to legitimate power had shrunk to Angleton's "alternative CIA," and even this ceased when Angleton was fired in December 1974.

But according to Joseph Trento, the connection was indirectly restored by a "shadow CIA" working for the Safari Club and Saudi intelligence; and by the 1980s this shadow CIA "was not only working for the Israelis but also was involved in covert operations from Central America to Iran." It is certain that, with the blessing of Casey, - who had his own direct contacts with Rappaport, BCCI, and the global drug connection - Shackley, Khashoggi, and their contacts led to Iran-Contra. At least one member of Shackley's group, Richard Secord, then created an airline which brought Islamist mujahideen to Afghanistan. Another, neocon Michael Ledeen, contributed not only to Iran-Contra but also, with Donald Rumsfeld and Dick Cheney, to the creation of the Project for the New American Century (PNAC).

Indeed, the decision of William Casey to work with the global connection, and more specifically BCCI and Theodore Shackley's contacts in Iran-Contra, cannot be fully



understood by focusing on the history of the global drug connection alone. Casey's actions must be seen in the context of what Irving Kristol has called the intellectual counterrevolution of the 1970s, the successful reversal of Kissinger's and Carter's moves towards détente with the Soviet Union, and of the post-Watergate reforms introduced by Senator Frank Church and others. As I have written elsewhere, a key moment was the so-called Halloween massacre in 1975, which saw among other things the firing of Angleton's nemesis, William Colby, the appointment of Rumsfeld to Secretary of Defense, and the end of Kissinger's long tenure as National Security Adviser.

By 1976 the intellectual counterrevolution had consolidated a new anti-Kissinger coalition consisting of a) Cheney and Rumsfeld inside the Ford Administration, b) the Committee on the Present Danger lobbying for a vastly increased defense budget, and c) neocons like Richard Perle and Paul Wolfowitz, who came together to work against Kissinger's SALT agreements and (with the help of the CIA's new director, George H.W. Bush) to radically escalate the CIA's estimate of the Soviet threat. Casey played an important role in this anti-Soviet coalition, and in 1976 he joined the CPD along with long-time members of the global connection like Ray Cline (Helliwell's old OSS associate from Kunming), Jay Lovestone, and George Olmsted.

The anti-government bias of the new neocon right has extended to increased dislike for the CIA, now seen as an enemy rather than an ally. But even the new outsourced forces of violence in private security companies (PSCs) like Blackwater have recruited from the violent resources of the old global drug connection – specifically, in Blackwater's case, from the paramilitary forces in countries like Colombia.

In short, the recourse to the illicit violence of the global drug traffic, which began in the panicked early years of the Cold War, has continued ever since to increase and metastasize, until it is now an increasing threat to constitutional democracy. It is not easy for most people to understand this. In the short run, illicit violence breeds the redressively violent opposition which justifies its existence – so that today the PSCs in Iraq and Afghanistan earn multimillion dollar contracts to fight the resistance they themselves have provoked.

But the new system of indirect empire does not appear to be a stable one: if there is a momentary respite in Iraq, it is because opposing cadres have found it more fruitful to fight in Afghanistan. Rather, indirect empire is a violent substitute for politics, to deal with situations which only politics can ameliorate.

If this country were serious in wishing to deal with the problem of terrorism, it would seek to reduce, rather than increase, the oppression which is producing redressive violence in Afghanistan, Iraq, Chechnya, Kashmir, Lebanon, and Palestine. The present course is more likely to aggravate the deteriorating status quo, and also to accelerate the waning of American resources, influence, and good will, even among our allies.

Is it utopian to think that the present course can be corrected? Probably yes, as long as most Americans believe that 9/11 was an attack engineered solely by a group of malevolent Arabs. But a saner policy might ensue if it were shown that 9/11, as Sibel Edmonds has intimated, was a deep event involving elements from America's global drug connection.

What I have called America's global drug connection has been responsible in the past for global terrorist activities like Operation Condor, and also for strengthening drug networks as so-called parallel governments in countries like Laos, Pakistan, Lebanon, Turkey, and

Colombia. For decades this country has been largely in denial about U.S. complicity in this state of affairs, projecting responsibility for terrorism instead on the Soviet Union (“the Evil Empire”) and more recently Iraq and Iran (“the Axis of Evil”).

To overcome these decades of denial will not be easy. But it will be a necessary step towards diminishing terrorism, and restoring a saner world.

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NOTE: [The text of this article does not include text and endnote numerals. To consult Peter Dale Scott’s article entitled [Deep Events and the CIA’s Global Drug Connection](#), with numbered references and endnotes in word document format [click here](#)]

#### ENDNOTES

“9/11, Deep State Violence and the Hope of Internet Politics,” Global Research; cf. Peter Dale Scott, *The Road to 9/11: Wealth, Empire, and the Future of America* (Berkeley and Los Angeles: University of California Press, 2007), 4-7, 14-17, etc.

Alan A. Block, *East Side-West Side: Organizing Crime in New York, 1930-1950* (New Brunswick, NJ: Transaction Books, 1983), 109.

Gaia Servadio, *Mafioso* (New York: Dell, 1976), 125-28.

R.T. Naylor, *Hot Money and the Politics of Debt* (New York: Linden/Simon and Schuster, 1987), 295 (“laundromat”). For Helliwell’s ownership, see Alan A. Block, *Masters of Paradise* (New Brunswick, NJ: Transaction Publishers, 1991), 165-66.

CIA Memo dated 24 April 1974, “RYBAT/JMSPUR/PLVWCADET Traffic Removed from C/WHD Personal Files during Watergate File Search. Traffic can be found in sealed sensitive envelope in safe No. 1322 located in WH/COG, Room 3D46,” NARA # 104-10095-10326. C/WHD (Chief of Western Hemisphere Division) in 1974 was Theodore Shackley, discussed below. All of the CIA and FBI documents discussed in this essay can be seen on the Mary Ferrell website, <http://www.maryferrell.org/>.

Block, *Masters of Paradise*, 161-62, 166.

Alan Block subsequently learned that it was the bank’s co-founder, Chicago lawyer “Burt Kanter, more so than Helliwell, who was instrumental in Castle’s formation.” He cites speculation that it was originally set up on behalf of the former Cleveland mob racketeer, Morris Kleinman (Block, *Masters of Paradise*, 172).

Jim Drinkhall, “IRS vs. CIA: Big Tax Investigation Was Quietly Scuttled By Intelligence Agency,” *Wall Street Journal*, April 18, 1980.

*Wall Street Journal*, April 18, 1980.

Alfred W. McCoy, *The Politics of Heroin* (Chicago: Lawrence Hill Books/ Chicago Review Press, 2001), 168-74; Block, *Masters of Paradise*, 169 (Thai police).

Alan A. Block and Constance A. Weaver, *All Is Clouded by Desire: Global Banking, Money Laundering, and International Organized Crime* (Westport, CN.: Praeger, 2004), 38; citing Stephen Schlesinger and Stephen Kinzer, *Bitter Fruit: The Untold Story of the American Coup in Guatemala* (Garden City, NY: Anchor Books, 1983), 119. Cf. Peter Dale Scott, *The War Conspiracy: JFK, 9/11, and the Deep Politics of War* (Ipswich, MA: Mary Ferrell Foundation Press, 2008), 47, 67.

*Wall Street Journal*, April 18, 1980.

CIA Memo of 18 August 1976 for Chief, Security Analysis Group, NARA #104-10059-10013. The margin of the memo carries the following handwritten reference to Sam Giancana, the major figure in the CIA-mafia assassination plots against Fidel Castro: "for file/ Sam GIANCANA/ not mentioned."

Jonathan Marshall, *Drug Wars: Corruption, Counterinsurgency and Covert Operations in the Third World* (Forestville, CA: Cohan and Cohen, 1991), 54; citing Drinkhall, *Wall Street Journal*, April 18, 1980.

Block notes that the spinoff of I.D.C. from Benguet was accompanied by a "payment of \$329,439 to a Hong Kong Bank" (possibly into a Marcos account) (Block, *Masters of Paradise*, 98).

Profits from the Philippine gold mine, and possibly gold itself, reached I.D.C. from Asia. But I have not seen corroboration for the claim of Sterling and Peggy Seagraves that Groves and Helliwell were actually moving parts of the Japanese wartime gold hoard to the Bahamas "out of the Philippines, masquerading as gold from Benguet Mines" (Sterling and Peggy Seagrave, *Gold Warriors: America's Secret Recovery of Yamashita's Gold* [London: Verso, 2003], 147). It is, however, of interest that the Marcos family also entered into business dealings with the CIA-related Nugan Hand Bank (see below), which some say included negotiations for the surreptitious shipment of Marcos' gold (Jonathan Kwitny, *The Crimes of Patriots* [New York: Norton, 1987], 182, 186-87, 190).

Lernoux, *In Banks We Trust*, 83.

Marshall, *Drug Wars*, 54-55. Cf. U.S. Congress, House, Committee on Government Operations, *Oversight Hearings into the Operations of the IRS (Operation Tradewinds, Project Haven, and Narcotics Traffickers Tax Program), Hearings* (Washington: GPO, 1975, 909; Peter Dale Scott, *Coming to Jakarta: A Poem about Terror* (New York: New Directions, 1989), 99-103. It is not known if ID Corp. and I.D.C. were related.

For the CIA's close involvement in Lockheed payoffs, see Anthony Sampson, *The Arms Bazaar* (New York: Viking, 1977), pp. 137, 227-8, 238. The U.S. Air Force was also involved. *San Francisco Chronicle*, October 24, 1983, p. 22, describes one such USAF-Lockheed operation in Southeast Asia, "code-named 'Operation Buttercup' that operated out of Norton Air Force Base in California from 1965 to 1972."

"The United States and the Overthrow of Sukarno, 1965-1967," *Pacific Affairs*, LVIII, 2 (Summer 1985), 239-64: "A 1976 Senate investigation into these [Lockheed] payoffs revealed, almost inadvertently, that in May 1965, over the legal objections of Lockheed's

counsel, Lockheed commissions in Indonesia had been redirected to a new contract and company set up by the firm's long-time local agent or middleman. Its internal memos at the time show no reasons for the change, but in a later memo the economic counselor of the U.S. Embassy in Jakarta is reported as saying that there were "some political considerations behind it." If this is true, it would suggest that in May 1965, five months before the coup, Lockheed had redirected its payoffs to a new political eminence, at the risk (as its assistant chief counsel pointed out) of being sued for default on its former contractual obligations. The Indonesian middleman, August Munir Dasaad, was `known to have assisted Sukarno financially since the 1930's.' In 1965, however, Dasaad was building connections with the Suharto forces, via a family relative, General Alamsjah, who had served briefly under Suharto in 1960, after Suharto completed his term at SESKOAD. Via the new contract, Lockheed, Dasaad and Alamsjah were apparently hitching their wagons to Suharto's rising star: 'When the coup was made during which Suharto replaced Sukarno, Alamsjah, who controlled certain considerable funds, at once made these available to Suharto, which obviously earned him the gratitude of the new President. In due course he was appointed to a position of trust and confidence and today Alamsjah is, one might say, the second important man after the President.'"

A Senate amendment in 1964 to cut off all aid to Indonesia unconditionally was quietly killed in conference committee, on the misleading ground that the Foreign Assistance Act "requires the President to report fully and concurrently to both Houses of the Congress on any assistance furnished to Indonesia" (U.S. Cong., Senate, Report No. 88-1925, *Foreign Assistance Act of 1964*, p. 11). In fact the act's requirement that the president report "to Congress" applied to eighteen other countries, but in the case of Indonesia he was to report to two Senate Committees and the *Speaker* of the House: Foreign Assistance Act, Section 620(j).

Tom J. Farer, *Transnational Crime in the Americas: An Inter-American Dialogue Book* (New York: Routledge, 1999), 65.

Ed Reid and Ovid Demaris, *The Green Felt Jungle* (New York: Pocket Books, 1964), 217-20. Levinson had fronted for Lansky at the Sands casino in Las Vegas.

Peter Dale Scott, *Drugs, Oil, and War: The United States in Afghanistan, Colombia, and Indochina* (Lanham, MD: Rowman & Littlefield, 2003), 7, 60-61, 198, 207; citing Penny Lernoux, *In Banks We Trust* (Garden City, NY: Anchor/Doubleday, 1984), 42-44, 84.

Naylor, *Hot Money and the Politics of Debt*, 22.

Block, *Masters of Paradise*, 51. Intra Bank also had a Bahamian branch, Intra Bahamas Trust Ltd.

*Newsday*, staff and editors of, *The Heroin Trail* (New York: Holt, Rinehart and Winston, 1974), 137 (Francisi); McCoy, *The Politics of Heroin*, 39 (Luciano). El-Khoury "used Luciano's money to buy off Lebanese police and customs agents" (Alexander Cockburn and Jeffrey St. Clair, *Whiteout: The CIA, Drugs, and the Press* [London: Verso, 1998], 131).

McCoy, *Politics of Heroin*, 541.

James Mills, *The Underground Empire: Where Crime and Government Embrace* (New York: Dell, 1978), 70.

Scott and Marshall. *Cocaine Politics* (paperback edition), x-xi. Dayle made this statement during a videotaped teleconference, in the presence of Marshall and myself.

*Wall Street Journal*, April 18, 1980. Dalitz, Kleinman, and Tucker, all veterans of the gambling scene in Cleveland, later had a controlling interest in the Desert Inn casino in Las Vegas (*Investigation of Organized Crime in Interstate Commerce: Hearings before the [Kefauver] Special Committee to Investigate Organized Crime in Interstate Commerce, U.S. Senate, 81st Cong., 2nd Sess. and 82nd Congress, 1st Sess., Part 10, US Government Printing Office, [Washington DC: 1950], pp. 907-926*). Block's and Weaver's later and more detailed study claims that Dalitz did not have an account at Castle, but adds former Lansky associate Lou Rothkopf to the list of mob figures who did (Block and Weaver, *All Is Clouded by Desire*, 45).

Block, *Masters of Paradise*, 189.

Penny Lernoux, *In Banks We Trust* (Garden City, NY: Anchor/Doubleday, 1984; citing *Wall Street Journal*, May 23, 1977, February 17, 1981; also, *Parapolitics*, Spring 1981), 88: "Like Castle, Mercantile was a conduit for CIA money, and Price Waterhouse accountants were 'under orders' to make sure 'outsiders' did not have access to the books. If they probed around, said a CIA source, they 'could unravel a trail to the intelligence community.'"

Block and Weaver, *All Is Clouded by Desire*, 40; cf. Block, *Masters of Paradise*, 188-91, where Kleinman is called "perhaps a hidden owner" of Castle.

Block, *Masters of Paradise*, 163; *New York Times*, September 1, 1989 ("part owner").

Block, *Masters of Paradise*, 164.

CIA Inspector General's Report of 1967 on CIA-Mafia Plots to Assassinate Castro, pp. 15-16, NARA #151993.08.11.16:44:08:750007, pp. 3-4.

Memo of 5 September 1975 to DDO from CI Staff Chief George Kalaris, NARA #104-1010-10003, p. 2.

Tom Mangold, *Cold Warrior: James Jesus Angleton: The CIA's Master Spy Hunter* (New York: Touchstone/ Simon & Schuster, 1991), 314-15.

Douglas Valentine, "The French Connection Revisited: The CIA, Irving Brown, and Drug Smuggling as Political Warfare," *Covert Action*, <http://www.covertaction.org/content/view/99/75/>.

Paul Buhle, "Lovestone's Thin Red Line," *Nation*, May 6, 1999, <http://www.thenation.com/doc/19990524/buhle>.

House Select Committee on Assassinations, *Investigation of the Assassination of President John F. Kennedy*, Appendix to Hearings, Volume IX (March 1978), 47.

Ed Reid, *The Grim Reapers: The Anatomy of Organized Crime in America* (New York: Bantam, 1969), 174.

Mangold, *Cold Warrior*, 329-30; cf. 305, 337. Other authors have written that Dulles and Angleton maintained a "second agency," or "agency-within-the Agency;" see e.g. Mark

Aarons and John Loftus, *Unholy Trinity* (New York: St. Martin's Press, 1991), 260.

Mangold, *Cold Warrior*, 105.

Memo of 4 November 1970 from John K. Greaney, Assistant General Counsel, CIA, NARA #104-10106-10374.

"United States of America, Appellee, v. Leonard Russo, et al., Defendants-Appellants"

Memo of 4 November 1970 from John K. Greaney, Assistant General Counsel, CIA, NARA #104-10106-10374. Robert Sam Anson once claimed that two of the defendants in these kickback trials, John Larocca and Gabriel Mannarino, were acquitted in 1971 when "one of the star witnesses turned out to be the local head of the CIA" (Robert Sam Anson, *"They've Killed the President,"* [New York: Bantam, 1975], 296). Anson told me that this witness was Brod, but I have found no court record that Brod's testimony was accepted into the court record.

Dan E. Moldea, *The Hoffa Wars: Teamsters, Rebels, Politicians, and the Mob* (New York: Paddington Press, 1978), 130-31.

*Time*, June 9, 1975, 14.

Church Committee, Testimony of John Scelso, 7 May 1976, 41-42, NARA #157-10014-10083, 45-46. Angleton's response suggests that he may have believed what Hank Messick and others later charged: that Lansky had somehow obtained protection from the Bureau [Hank Messick, *John Edgar Hoover* (New York: David McKay Co., 1972), 229-31, etc].

William R. Corson, Susan B. Trento, Joseph J. Trento, *Widows* (New York: Crown, 1979), 71.

For details see Scott, *War Conspiracy*, 387; Peter Dale Scott, *Deep Politics II: The New Revelations in U.S. Government Files, 1994-1995* (Ipswich, MA: Mary Ferrell Foundation Press, 2007), 30-33.

See Peter Dale Scott, *Deep Politics II: The New Revelations in U.S. Government Files*,

1994-1999 (Ipswich, MA: Mary Ferrell Foundation Press, 2007), 17-18, 92; also

Peter Dale Scott, "Oswald and the Hunt for Popov's Mole," *The Fourth Decade*, III,

3 (March 1996), 3;  
[www.maryferrell.org/mffweb/archive/viewer/showDoc.do?absPageId=519798](http://www.maryferrell.org/mffweb/archive/viewer/showDoc.do?absPageId=519798).

Peter Dale Scott, *Deep Politics II*, 30-33.

See discussion in Peter Dale Scott, "The JFK Assassination and 9/11: the Designated Suspects in Both Cases," Global Research, July 5, 2008, <http://www.globalresearch.ca/index.php?context=va&aid=9511>.

J. Patrice McSherry, *Predatory States: Operation Condor and Covert War in Latin America* (Lanham, MD: Rowman & Littlefield, 2005), 139-75; John Dinges, *The Condor Years: How Pinochet and His Allies Brought Terrorism to Three Continents* (New York: New Press, 2004), 190-98, 248-50; Peter Kornbluh, *The Pinochet File: A Declassified Dossier on Atrocity and Accountability*.

McSherry, *Predatory States*, 95; citing White cable of October 13, 1978, foia.state.gov/documents/State/Chile3/000058FD.pdf (a URL inactive in 2008); also Diana Jean Schemo, "New Files Tie U.S. to Deaths of Latin Leftists in 1970s," *New York Times*, March 6, 2001.

"I can do no less, without producing a reaction in the U.S. which would lead to legislative restrictions. The speech is not aimed at Chile...My evaluation is that you are a victim of all left-wing groups around the world, and that your greatest sin was that you overthrew a government which was going communist" (Dinges, *The Condor Years*, 159-62); citing *Department of State Bulletin* 75 (July 5, 1976), 4 (public speech).

McSherry, *Predatory States*, 159.

McSherry, *Predatory States*, 161.

*Los Angeles Times*, May 7, 2008, <http://articles.latimes.com/2008/may/07/nation/na-posada7>.

Kevin Phillips, *American Dynasty: Aristocracy, Fortune, and the Politics of Deceit in the House of Bush* (New York: Viking, 2004), 280.

Joseph J. Trento, *The Secret History of the CIA* (New York: Forum/Prima/Random House, 2001), 436-37. In 1978 Trento himself was the recipient of a leak linking Wilson to Shackley.

Trento, *The Secret History of the CIA*, 395 (Helms), 344 (cadre).

Block, *Masters of Paradise*, 191.

Block, *Masters of Paradise*, 192: "The major Pritzker link to the Teamsters was crafted by Stanford Clinton, " a lawyer "who represented some of Chicago's leading hoodlums" and also had a Castle account.

Block, *Masters of Paradise*, 195.

Block, *Masters of Paradise*, 171; cf. 32-33.

Block, *Masters of Paradise*, 172-73, 182.

Scott, *The War Conspiracy*, 46-47, 60, 64-68, 263, 278-79.

OSS officer and Corcoran friend Ernest Cuneo, quoted in David McKean, *Peddling Influence: Thomas "Tommy the Cork" Corcoran and the Birth of Modern Lobbying* (Hanover, NH: Steerforth, 2004), 286.

"Lawyers and Lobbyists." *Fortune*, February 1952, p. 142; quoted in Scott, *The War Conspiracy*, 47.

Joseph J. Trento, *Prelude to Terror: The Rogue CIA and the Legacy of America's Private Intelligence Network* (New York: Carroll and Graf, 2005), 9.

Scott, *The War Conspiracy*, 278-79

Block, *Masters of Paradise*, 170.

McKean, *Peddling Influence*, 140-43; Scott, *War Conspiracy*, 64-65.

McKean, *Peddling Influence*, 149-50.

Bruce Cumings, *The Origins of the Korean War, Vol II* (Princeton: Princeton UP, 1990), 107, 153; Trento, *Prelude to Terror*, 9.

Oral History Interview with Arthur R. Ringwalt, June 5, 1974, Truman Library, <http://www.trumanlibrary.org/oralhist/ringwalt.htm>.

Bertil Lintner, *Burma in Revolt: Opium and Insurgency Since 1948* (Chiang Mai: Silkworm Books, 1999), 192; Scott, *Drugs, Oil, and War*, 51, 187, 192-93, etc.

Daniel Fineman, *A Special Relationship: The United States and Military Government in Thailand, 1947-1958* (Honolulu: University of Hawai'i Press, 1997), 214-15; cf. 206.

Penny Lernoux, *In Banks We Trust* (Garden City, NY: Anchor/Doubleday, 1984), 82-83.

Anthony Summers with Robbyn Swann, *The Arrogance of Power: The Secret World of Richard Nixon* (New York: Viking, 2000), 242.

Memo of 18 August 1976 to Chief, Security Analysis Group, NARA #104-10059-10013; also partially released as p. 6 of Meyer Lansky Security File, 1993.08.13.17:42:12:560059.

Memo of 18 August 1976 to Chief, Security Analysis Group, NARA #104-10059-10013; Reid, *The Grim Reapers*, 119-23.

Jeff Gerth, in Sid Blumenthal and Harvey Yazijian (eds.), *Government by Gunplay: Assassination Conspiracy Theories from Dallas to Today* (New York : New American Library, 1976), 138.

Summers with Swan, *The Arrogance of Power*, 242, 252; Jim Hougan, *Spooks*, 398. Cf. Denny Walsh, *New York Times*, January 21, 1974; Gerth, in *Government by Gunplay*, 137-39.

Block, *Masters of Paradise*, 94-96; Summers with Swan, *The Arrogance of Power*, 244-45.

Summers with Swan, *The Arrogance of Power*, 244-45, 253-54.

Block, *Masters of Paradise*, 46, 101.

Inspector-General's report on CIA Plots to Assassinate Fidel Castro, 29-30; quoted in Peter Dale Scott, *Deep Politics II: The New Revelations in U.S. Government Files, 1994-1995* (Ipswich, MA: Mary Ferrell Foundation Press, 2007), 60.

*San Francisco Chronicle*, March 3, 1967, 41; quoted in Scott, *Deep Politics II*, 67.

Block, *Masters of Paradise*, 100-01.

Inspector-General's report on CIA Plots to Assassinate Fidel Castro, 29-30; quoted in Peter



Some of the documents in this file, including the FBI Report quoted in this paragraph, are incorporated into the Inspector-General's report on CIA Plots to Assassinate Fidel Castro, 29-30; quoted in Peter Dale Scott, *Deep Politics II*, 59. In addition, the CIA's report on its interest in Resorts International, quoted above, carries the handwritten notation "for file/ Sam GIANCANA/ not mentioned." The allusion to Giancana makes sense in the context of the CIA-mafia plots, but as far as I know not otherwise.

"MOSS, Edward K. #172 646," CIA Memo of 14 May 1973, in Meyer Lansky Security File, p. 9, NARA #1993.08.13.17:42:12:560059. The CIA used the misspelling "Verona" which occurred just once in the FBI source document, and ignored the correct spelling "Varona" which was abundantly used as well. Note below their use of "Cellino" (rather than "Cellini") and "Lenzieri" (for Lanzieri) in related CIA documents. By this device both the FBI and CIA could avoid responding to document searches for the correct name. For example in the 1940s the CIA told the French that they had no documents on the SS war criminal Klaus Barbie, whom they were harboring. The American documents referred to him systematically as "Barbier."

"MOSS, Edward K. #172 646," CIA Memo of 14 May 1973 from Jerry G. Brown for Deputy Chief, Security Research Staff, NARA #1993.08.13,17:42:12:560059.

"Moss, Edward K. #172 646," CIA Memo of 19 April 1967 [at the time of the I-G Report mentioning Moss], NARA #104-10122-10006; Inspector General' Report on CIA-Mafia Plots to Assassinate Fidel Castro (henceforth I-G Report), NARA # 104-10213-10101, p. 38. Cf. memo of 7 November 1962 in CIA's Edward K. Moss folder, p. 26, NARA #1994.05.03.10:54:53:780005.

"Manuel Antonio Varona," FBI Memorandum of January 16, 1961 to A. H. Belmont, 105-76826-20; NARA #124-90055-10139.

"Manuel Antonio Varona," FBI Memorandum of January 16, 1961 to A. H. Belmont, p. 2, 105-76826-20; NARA #124-90055-10139. Cf. "Moss, Edward K. #172 646," CIA Memo of 14 May 1973, in Meyer Lansky Security File, p. 9, NARA #1993.08.13.17:42:12:560059; CIA letter of 16 December 1960 to FBI, FBI file 105-76826-18; NARA #124-90055-10133.

CIA letter of 16 December 1960 to Director, FBI, FBI File 105-76826-18; NARA #124-90055-10133. Apparently no copy of this letter has been released from CIA files.

"Manuel Antonio Varona," FBI Memorandum of January 16, 1961 to A. H. Belmont, p. 2, 105-76826-20; NARA #124-90055-10139.

Peter Dale Scott, *Deep Politics and the Death of JFK* (Berkeley: University of California Press, 1998), 145; cf. 238-40.

"Moss, Edward K. #172646," CIA Memo of 28 November 1962, NARA #1994.05.03.10:54:53:780005.

I-G Report, p. 38.

"Manuel Antonio Varona," FBI Memorandum of January 16, 1961 to A. H. Belmont," p. 2, 105-76826-20; NARA #124-90055-10139.

FBI Memorandum to Attorney General, January 23, 1961, NARA # 124-90055-10140.

Anthony Summers with Robbyn Swann, *The Arrogance of Power: The Secret World of Richard Nixon* (New York: Viking, 2000), 194; citing I-G Report.

Don Bohning, *The Castro Obsession: U.S. Covert Operations Against Cuba* (Washington: Potomac Books, 2005), 181.

Summers with Swann, *Arrogance of Power*, 283 (\$1 million); Robert Baer, *Sleeping with the Devil* (New York: Crown, 2003), 43 (briefcase); Kessler, *The Richest Man in the World*, 170 (“several million”); Renata Adler, “Searching for the Real Nixon Scandal,” *Atlantic* (December 1976), 76-84 (\$200 million). Khashoggi admitted publicly to a gift of \$43,000 to the Nixon campaign in 1972.

Kessler, *Richest Man in the World*, 170.

Kessler, *Richest Man in the World*, 142, 181.

It has been alleged that at the Sands in 1960 the FBI saw the casino’s courtesy prostitutes “running in and out of” Senator Jack Kennedy’s suite, and a million dollars was allegedly given to Kennedy in a brown leather satchel by the hotel’s owners (John William Tuohy, “The Sands,” *American Mafia*, August 2001, [http://www.americanmafia.com/Feature\\_Articles\\_155.html](http://www.americanmafia.com/Feature_Articles_155.html)).

Omar Garrison, *Howard Hughes in Las Vegas* (New York: Dell, 1970), 48-49, 56, 58; Peter Dale Scott, *Crime and Cover-Up: The CIA, the Mafia, and the Dallas-Watergate Connection* (Palo Alto, CA: Ramparts Press, 1977), 29.

Kessler, *Richest Man in the World*, 149-50.

Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America, 1947-2000* (New York: Knopf, 2001), Prologue. Sally Denton later enlarged on the details: “When it became clear 70 United States, American, banks were involved, had the complicity, knew about every single one of the wire-transfers and transactions — banks including Chemical Bank, Bank of New York, CitiBank, American Express —... President Clinton and Madeline Albright stepped in and intervened and stopped the entire investigation and closed all of the cases” (Discussion at Taos Community Auditorium on October 12, 2002; [http://www.taosplaza.com/taosplaza/2003/pages/tmff\\_drugs.php](http://www.taosplaza.com/taosplaza/2003/pages/tmff_drugs.php)).

Gigi Mahon, *The Company That Bought the Boardwalk* (New York: Random House, 1980), 136.

Kessler, *Richest Man in the World*, 275-78. A friend of Khashoggi’s, Larry Kolb, reports that Khashoggi himself essentially corroborated the story that Khashoggi and John Kennedy had a friendship in the 1950s that “evolved primarily out of whoring together” (Larry J. Kolb, *Overworld: The Life and Times of a Reluctant Spy* [New York: Riverhead/Penguin, 2004], 236). The woman who destroyed the presidential aspirations of Senator Gary Hart in 1987 was one of Khashoggi’s many girls.

Kessler, *The Richest Man*, 238, 240.

Prince Turki bin Faisal gave Georgetown University alumni a frank account of the Safari

Club's formation in response to post-Watergate restrictions: "In 1976, after the Watergate matters took place here, your intelligence community was literally tied up by Congress. It could not do anything. It could not send spies, it could not write reports, and it could not pay money. In order to compensate for that, a group of countries got together in the hope of fighting Communism and established what was called the Safari Club. The Safari Club included France, Egypt, Saudi Arabia, Morocco, and Iran."

Kolb, *Overworld*, 238, 242-43.

Sally Denton and Roger Morris, *The Money and the Power: The Making of Las Vegas and Its Hold on America, 1947-2000* (New York: Knopf, 2001), 72; citing laudatory article on Greenspun in the *Jerusalem Post*, July 1993.

Investigative reporter Jim Hougan reports the incredulity of congressional investigators that Lockheed was the only large corporation not to have made a contribution to Nixon's 1972 election campaign (Hougan, *Spooks: The Haunting of America—The Private Use of Secret Agents* [New York: William Morrow, 1978], 457-58).

Drinkhall, *Wall Street Journal*, April 18, 1980. Drinkhall also reported that "Helliwell reputedly was one of the paymasters for the ill-fated Bay of Pigs invasion in 1961," a claim repeated in virtually every book dealing with Helliwell since that time (except my own). I have looked at dozens if not hundreds of CIA Bay of Pigs documents, many of them concerning financial payments to anti-Castro individuals and groups, and I have never seen any document involving either Helliwell or an unidentified cryptonym.

Pete Brewton, *The Mafia, CIA and George Bush* (1992), 296-97

Block and Weaver, *All Is Clouded by Desire*, 36-37; citing Robin Winks, *Cloak & Gown: Scholars in the Secret War, 1939-1961* (New York: William Morrow, 1987), 377-78 (X-2 in Vienna).

Peter Truell and Larry Gurwin, *False Profits: The Inside Story of BCCI, the World's Most Corrupt Financial Empire* (Boston: Houghton Mifflin, 1992), 384 ("ties").

Block and Weaver, *All Is Clouded by Desire*, 86. Abbas Kassimali Gokal, whom British prosecutors accused of stealing \$1.3 billion from BCCI, was a board member of the Inter Maritime Bank from 1978 through 1982. In 1997 Gokal was sentenced to 13 years by a UK court for his role in the BCCI fraud.

Truell and Gurwin, *False Profits*, 384. Truell and Gurwin claim that Hartmann went from Intermaritime to BCCI; the Kerry-Brown BCCI Report claims that Rappaport recruited Hartmann from BCCI/BCP for his own bank.

Block and Weaver, *All Is Clouded by Desire*, 85.

U.S. Congress. Senate, 102nd Cong., 2nd Sess. The BCCI Affair: A Report to the Senate Committee on Foreign Relations from Senator John Kerry, Chairman, and from Senator Hank Brown, Ranking Member, Subcommittee on Terrorism, Narcotics, and International Operations,... September 30, 1992, 1-2. Cited henceforth as the Kerry-Brown Report, 69.

Jane Hunter "Covert Operations: The Human Factor," *The Link*, August 1992, Volume 25, Issue 3, 8, <http://www.ameu.org/page.asp?iid=139&aid=183&pg=8>.

Leonard Slater, *The Pledge* (New York: Pocket Books, 1971), 175.

Sindona had links to the Italian intelligence service SISMI, to drug traffickers like Rosario Gambino, and to the Nixon Administration. See Jonathan Marshall, Peter Dale Scott, and Jane Hunter, *The Iran-Contra Connection: Secret Teams and Covert Operations in the Reagan Era* (Boston: South End Press, 1987), 71, 73; Lernoux, *In Banks We Trust*, 178-79, 193-95, etc.

Block and Weaver, *All Is Clouded by Desire*, 36; citing Robin W. Winks, *Cloak & Gown: Scholars in the Secret War, 1939-1961* (New York: William Morrow, 1987), 377-78.

Smith, *OSS*, 165.

Operation Safehaven began as a U.S. Treasury effort to trace the movements of stolen Nazi gold, and possibly implicate Nazi collaborators in America. Taken over by OSS X-2, it recuperated SS assets that were used instead to support former SS agents.

Anthony Cave Brown, *The Secret War Report of the OSS* / edited by Anthony Cave Brown (New York: Berkeley, 1976), 565-66.

Ronald Kessler, *The Richest Man in the World* (New York: Warner Books, 1986), 162, 300; Jonathan Beaty and S.C. Gwynne, *The Outlaw Bank: A Wild Ride into the Secret Heart of BCCI* (New York: Random House, 1993), 54, 80, 263-64.

Truell and Gurwin, *False Profits*, 83-87.

Kerry-Brown Report.

Beaty and Gwynn, 357.

Truell and Gurwin, *False Profits*, 373-77.

Olmsted's intelligence connections dated back to wartime service on the staff of General Albert Wedemeyer in China, where he was in charge of clandestine operations and in that capacity worked with OSS. He was thus a senior figure in what I am tempted to call the OSS China connection, which united so many of the people who were prominent in Helliwell's post-war global drug connection. We have already mentioned Helliwell himself, who was head of the Special Intelligence branch of OSS in Kunming before he created Sea Supply Corp in Bangkok. Willis Bird was the deputy chief of OSS China and then became the most important figure in Sea Supply after Helliwell's return in 1951 from Bangkok to America. C.V Starr, later represented by Corcoran, opened his insurance empire in China to the creation of an OSS network outside the OSS-KMT cooperation agreement. See Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Berkeley: University of California Press, 1972), 267 (Starr), 273 (Bird), 326 (Helliwell). But this is not the whole picture. Elsewhere I have dealt with the post-war activities of other members of the small OSS Detachment 202 under Paul Helliwell in Kunming: E. Howard Hunt, Ray Cline, Lou Conein, John Singlaub, and Mitchell WerBell. All of these men went on to develop post-war connections for the CIA with drug-traffickers: Hunt in Mexico, Cline in Taiwan, Conein in Vietnam, WerBell in Laos, and Singlaub with the World Anti-Communist League which Hunt and Cline had helped to create (Scott, *Drugs, Oil, and War*, 20, 207).

Block and Weaver, *All Is Clouded by Desire*, 41; cf. Block, *Masters of Paradise*, 191.

Block and Weaver, *All Is Clouded by Desire*, 41-42; Truell and Gurwin, *False Profits*, 40-43, etc.

Truell and Gurwin, *False Profits*, 123-24; cf. 128-29: Expanding over seven pages on these and many other intelligence connections, they asked whether the bank's illegal acquisition of an American bank holding company, First American Bankshares, was not in fact serving the purposes of U.S. intelligence:

"No one can deny that virtually every major character in the takeover was connected in one way or another to U.S. intelligence: Olmsted who controlled the company [First American] for years; Middendorf, who headed the group that acquired it from him; Abedi, who arranged for clients of BCCI to buy the company from Middendorf's group; [Mohammed Rahim Motaghi] Irvani,, the chairman of one of the dummy companies set up to carry out the acquisition; [his partner Richard] Helms, who advised Irvani; [former Saudi intelligence chief Kamal] Adham, the lead investor in Abedi's group; [Clark] Clifford, who steered the deal through the regulatory maze and then became the chairman of the company....Can all this be a coincidence? Or is it possible that First American was affiliated with U.S. intelligence all along and that it was simply passed from one group of CIA associates to another, and then another? No proof has emerged that this is what happened, but it is certainly not a far-fetched theory."

Jonathan Kwitny, *The Crimes of Patriots* (New York: Norton, 1987), 96.

Kwitny, *The Crimes of Patriots*, 162. BCCI also used Price Waterhouse as its auditor. In addition, BCCI and Nugan Hand used the same law firm and registered agent (Bruce Campbell & Company) in the Cayman Islands (Truell and Gurwin, *False Profits*, 125).

Kwitny, *The Crimes of Patriots*, 243.

Kwitny, *The Crimes of Patriots*, 334-35.

Trento, *Prelude to Terror*, 313-14.

Kwitny, *The Crimes of Patriots*, 207, 208.

James A. Nathan, "Dateline Australia: America's Foreign Watergate?" *Foreign Policy* (Winter 1982-83), 183; quoted in Jonathan Marshall, Peter Dale Scott, and Jane Hunter, *The Iran-Contra Connection: Secret Teams and Covert Operations in the Reagan Era* (Boston: South End Press, 1987), 38.

Scott, *The Road to 9/11*, 126-27.

Thomas Goltz, *Azerbaijan Diary: A Rogue Reporter's Adventures in an Oil-Rich, War-Torn, Post-Soviet Republic* (Armonk, NY: M. E. Sharpe, 1999), 272-75. Richard Secord was allegedly attempting also to sell Israeli arms, with the assistance of Israeli agent David Kimche, another associate of Oliver North. The mujahideen were recruited in Afghanistan by Gulbuddin Hekmatyar, the leading recipient of CIA assistance in Afghanistan in the 1980s, and most recently a leader of the al Qaeda-Taliban resistance to the U.S. and its client there, Hamid Karzai. See Scott, *Drugs, Oil, and War*, 7, 8, 20.

Loretta Napoleoni, *Terror Incorporated: Tracing the Dollars Behind the Terror Networks* (New York: Seven Stories Press, 2005), 90-97: "[IMU leader] Namangiani's networks in Tajikistan

and in Central Asia were used to smuggle opium from Afghanistan. It was partly thanks to Namangiani's contacts in Chechnya that heroin reached Europe" (91).... "It was thanks to the mediation of Chechen criminal groups that the KLA and the Albanian mafia managed to gain control of the transit of heroin in the Balkans" (96). Napoleoni does not mention Azerbaijan, which however lies between Uzbekistan and Chechnya.

"KLA Funding Tied To Heroin Profits," *Washington Times*, 5/3/99.

Daniel Ellsberg with Kris Welch, KPFA, 8/26/06, <http://wotisitgood4.blogspot.com/2006/10/ellsberg-hastert-got-suitcases-of-al.html> .

*Vanity Fair*, September 2005. According to the ATC web site, "As one of the leading business associations in the United States, the American-Turkish Council (ATC) is dedicated to effectively strengthening U.S.-Turkish relations through the promotion of commercial, defense, technology, and cultural relations. Its diverse membership includes *Fortune* 500, U.S. and Turkish companies, multinationals, nonprofit organizations, and individuals with an interest in U.S.-Turkish relations." It is thus comparable to the American Security Council, whose activities in 1963 are discussed in Scott, *Deep Politics*, e.g. 292.

Edmonds has been partially corroborated by Huseyin Baybasin, another Turkish heroin kingpin now in jail in Holland, in his book *Trial by Fire*: "I handled the drugs which came through the channel of the Turkish Consulate in England." But as he adds: "I was with the Mafia but I was carrying this out with the same Mafia group in which the rulers of Turkey were part." Baybasin claimed he was assisted by Turkish officers working for NATO in Belgium ("The Susurluk Legacy," By Adrian Gatton, *Druglink Magazine*, Nov/Dec 2006, [http://adriangatton.com/archive/1990\\_01\\_01\\_archive.html](http://adriangatton.com/archive/1990_01_01_archive.html)).

Marshall, *Drug Wars*, 55; citing Tad Szulc, "The Money Changer," *New Republic*, April 10, 1976, 10-11.

See Scott, *The War Conspiracy*.

Peter Dale Scott, "The United States and the Overthrow of Sukarno, 1965-1967" *Pacific Affairs* (Vancouver, B.C.) 58.2 (Summer 1985), pp. 239-64.

*AMPO* (Japan), January 1974, 44 (Indonesia); David E. Kaplan and Alec Dubro, *Yakuza* [New York: Macmillan, 1986], 90 (Deak); Marshall, *Drug Wars*, 54-55 (Katayama, Kodama). Kodama and Sasakawa were both arrested by the U.S. for war crimes but not prosecuted. In 1941 Kodama had plotted the assassination of Japan's Prime Minister Konoye by dynamite, to block his attempted peace negotiations with the U.S. Kodama then made a fortune in Shanghai during World War II, allegedly in part through his control of the drug traffic in conjunction with the *kempeitai*. Kodama and Sasakawa both became staunch supporters of the Asian People's Anti-Communist League, that as we have seen has had persistent connections to the post-war Asian drug traffic.

Beaty and Gwynn, *The Outlaw Bank*, 48.

Seymour Hersh, *The Price of Power: Kissinger in the White House* (New York: Summit, 1983), 279, 290.

Dinges, *The Condor Years*, 190-98.

Robert Parry, *Secrecy & Privilege: Rise of the Bush Dynasty from Watergate to Iraq* (Arlington, VA: Media Consortium, 2004), 112-38, etc.; Scott, *Road to 9/11*, 99-107. According to Parry, Michael Ledeen was also part of this effort.

"Turkey's pivotal role in the international drug trade," [Le Monde diplomatique](http://mondediplo.com/1998/07/05turkey) (July 1998), <http://mondediplo.com/1998/07/05turkey>. Author Claire Sterling attempted to blame the KGB for the assassination attempt, and her view that the KGB was the heart of what she called a global "terror network" was forced on CIA analysts by William Casey and Robert Gates (see final footnote below).

*Iran-Contra Affair*, Report of the Congressional Committees Investigating the Iran-Contra Affair, 100th Congress. 1st Session, H. Rept No 100-433, S. Rept No. 100-216, pp. 164, 166, 228, etc.

Block and Weaver, *All Is Clouded by Desire*, 95-116, etc. Burt Kanter, the co-founder of Castle Bank, was recurrently involved in Rappaport's IMB-BONY dealings (Block and Weaver, 100, 102, 193, 105, 113).

Scott, *Road to 9/11*, 163-65, 351; Thomas Goltz, *Azerbaijan Diary*, 272-75.

Scott, *Road to 9/11*, 167-68, citing Michel Chossudovsky, "Macedonia: Washington's Military-Intelligence Ploy," Transnational Foundation for Peace and Future Research, [http://www.transnational.org/SAJT/forum/meet/2001/Chossudov\\_WashingtPloy.html](http://www.transnational.org/SAJT/forum/meet/2001/Chossudov_WashingtPloy.html).

Lernoux, *In Banks We Trust*, 72; cf. *Mother Jones*, March 1984.

Daniel Fineman, *A Special Relationship: The United States and Military Government in Thailand, 1947-1958* (Honolulu: University of Hawai'i Press, 1997), 179-80; cf. FRUS, 1952-1954, 12, 1, 689-90.

Trento, *The Secret History of the CIA*, 410.

Report of the Congressional Committees Investigating the Iran-Contra Affair, 100th Congress. 1st Session, H. Rept No 100-433, S. Rept No. 100-216, p. 164.

Trento, *Prelude to Terror*, 283-84.

Scott, *Road to 9/11*, 52-53.

See Rowan Scarborough, *Sabotage: America's Enemies Within the CIA* (Washington: Regnery, 2007); Kenneth R. Timmerman, *Shadow Warriors: The Untold Story of Traitors, Saboteurs, and the Party of Surrender* (New York: Crown/ Random House, 2007),

"It works like this: Blackwater, for example, will win a U.S. government contract; it will then subcontract with itself—that is, with Greystone—to do the job. From there, Greystone looks to its network of international affiliates, firms like Pizarro's Grupo Tactico in Chile or ID Systems in Colombia, which maintain informal relationships with what are known in the trade as "briefcase recruiters"—individuals with connections to the local paramilitary scene" (Bruce

Falconer and Daniel Schulman, "Blackwater's world of warcraft," *Mother Jones*, March-April 2008). Cf. Jeremy Scahill, *Blackwater: The Rise of the World's Most Powerful Mercenary Army* (New York: Nation Books, 2008).

This false ideology was enforced even inside the CIA. Author Claire Sterling wrote a book called *The Terror Network*, claiming "that all major terrorist groups were controlled by the Soviet Union." The book, with little credibility today, was warmly endorsed by then Secretary of State Alexander Haig, who passed it to William Casey, who presented its thesis to the Senate Select Committee on Intelligence. Casey also assigned top CIA terrorist analysts and Soviet experts to prepare a special national intelligence estimate, or SNIE, based on Sterling's book. When the experts reported there was no merit to Sterling's claims, Casey's Deputy Director of Intelligence, Robert Gates, had their negative assessment rewritten and reversed by new low-level personnel who had just arrived in the Agency. See Mark Perry, *Eclipse: The Last Days of the CIA* (New York: William Morrow, 1992), 47-49, 319-320. Today Robert Gates is America's Secretary of Defense.

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