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## BANKING

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### HongShang fight at center of world banking stage

New York State Banking Superintendent Muriel Siebert's opposition to the takeover by the Hong Kong Shanghai Bank of New York's Marine Midland has become the central question determining whether Britain's entire planned reorganization of the international banking system will go through, London sources said this week. As the London *Financial Times* reported May 8, Siebert's possible disapproval of the HongShang takeover would show "just how much political opposition there is in New York to such transactions."

Because "the foreign banks are helping to shape the regulatory environment in the U.S.," the *Financial Times* adds, halting the takeovers would put a serious crimp in efforts to impose reserve requirements on the Eurodollar market, enact free banking zones, deregulate interstate banking, impose mandatory Federal Reserve membership, and a host of other London-drafted U.S. banking reforms now being demanded by the Federal Reserve.

An open fight broke out in New York State this week when Governor Hugh Carey who is heavily financed by the HongShang Bank-allied Bronfman family of Canada, threatened Supt. Siebert's job is she did not rule positively on the HongShang purchase. Siebert at this writing is standing her ground with the aid of a rising tide of opposition to the takeover within the New York State banking and business community.

#### U.S. Labor Party hits Carey on drugs

The U.S. Labor Party which last fall

exposed HongShang as the central financial source for the \$200 billion world drug trade, has meanwhile issued a press release charging that Carey is "fronting for the HongShang" on the "corrupt" orders of the Bronfman family, which saved Carey's 1978 gubernatorial campaign with a \$300,000 loan. "Then there was the big money from Allen & Co.," the Party also charges, which "handles dirty money laundering for Mafia leader Meyer Lansky's drug and casino gambling interests in the Caribbean," and funds from "Roy Cohn, who spends his days defending organized crime czars." The Labor Party's paperback "*Dope, Inc.: Britain's Opium War Against the United States*" which has sold almost 30,000 copies, contends that the Bronfmans, who were once bootleggers, Lansky, and the Mafia generally are the U.S. distributors for the narcotics whose production and shipment the HongShang finances in Asia.

USLP Director of Financial Intelligence David Goldman will testify May 11 at the New York State Assembly Banking Committee hearings on Interstate and Foreign Banking, called by Assemblyman Herman Farrell, against the HongShang and related takeovers. Also testifying at the Harlem State Office Building will be Supt. Siebert, Chase Manhattan Executive Vice President in charge of International Operations Barry Sullivan, and other New York financial representatives.

It was the USLP's charges a year ago that the Hong Shang and other British bank takeovers were part of a British government plan to exercise

political control over the U.S. credit markets which lead to Supt. Siebert February demands for full Congressional hearings on to House Banking Committee Chairman Henry Reuss for full Congressional hearings on takeovers as a national issue, New York financial sources said.

#### Dyson speaks for Carey

New York State Commerce Commissioner John S. Dyson, in an interview May 8 with the Wall Street Journal, brought Carey's pressure against Siebert out openly. Dyson, "who often has served as a public sounding board for Gov. Hugh Carey," as the *Journal* noted, first pointed out that "the banking superintendent (Siebert) serves at the will of the Governor," and said he was "distressed" by Ms. Siebert's demands for congressional review of the HongShang takeover. "The interests of the state are very clear," said Dyson: the takeover must be approved.

Ms. Siebert would not comment to the press on Dyson's rather unusual attempt to interfere with the responsible regulatory duties of the state's highest banking official, saying "proper decorum" did not permit it. The Superintendent's own views are rather well known. "She said she'd like to turn it down," the *Journal* quoted a New York bank chairman as saying of Siebert on the HongShang bid, "but if she does, she's sure she'll be sued."

New York financial sources said today that Siebert "has got Carey and Dyson where she wants them. She is intentionally saying nothing, drawing them out, while stalling her ruling on the HongShang application, until the Carey administration, whose association with the Bronfmans is a public scandal, is identified as partisan for HongShang. Then she'll act on her regulatory duty."

—Kathy Burdman