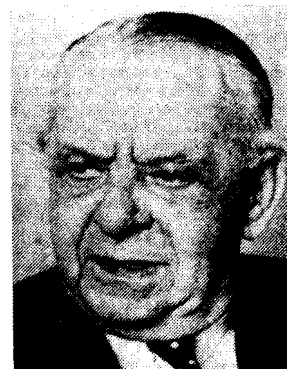


The Occidental network: Armand Hammer's friends

by Richard Freeman



The Charter Oil Company owes its good fortune in most parts of the world to connections it has established with key financial networks. In Libya, exercising a position of immense power on Charter's behalf is Occidental Petroleum, the personal fiefdom of its 83-year-old chairman and controlling interest, Armand Hammer.

The links between Charter and Hammer are manifold. They include joint oil production and marketing agreements in Australia; common participation in the Florida National Bank of Jacksonville, Florida; and a proposed sale of valuable oil supplies by Occidental to Charter which broke off this April. Beyond the formal connections, Charter moves in the same circuits as Hammer. It depends in particular on Hammer's good graces in Libya.

Hammer's good graces are substantial. In Libya, Occidental lifts 130,000 barrels of oil per day, making it one of the largest oil company concessions granted by the Qaddafi government. Beyond that is the story of how Hammer came to be in Libya in the first place.

Hammer's friends are the powers behind the \$200 billion annual international narcotics trade, who picked him up as a teenager and elevated him to a position of influence. They placed him in Libya in 1966. Ever since, he has been a powerbroker there, radiating influence back into the United States.

Hammer's relationship with Charter Oil is signaled by the bizarre way in which Hammer chose his own outside directorships. Hammer is on the board of only one corporation in addition to Occidental Petroleum and its subsidiaries. That is the Jacksonville branch of the Florida National Bank of Florida. Why Hammer should choose to take a seat with that obscure institution is worth pursuing.

The bank is obscure but, as it turns out, significant. Florida National is 25 percent owned by Edward Ball, the executor of the \$2 billion estate of Alfred I. duPont. Ball also owns St. Joe's paper, which in turns owns 20 percent of Charter Oil.

But to understand Hammer's Libya ties, it is necessary to review his career and his sponsors.

Hammer's power derives from the selection of his family to play a role in Anglo-American operations. Now a Unitarian, Hammer comes from a Jewish family coopted for special intelligence operations.

A modern Parvus

It is probable that Hammer's grandfather's immigration to the United States was sponsored by Baron Maurice de Hirsch, a financier and raw materials extractor who in the 1870s and 1880s preselected Eastern European Jews to move to Canada and the U.S. to run extensions of his underworld financial operations there.

Hammer's parents were ardent Bund-type socialists in the U.S. who were also involved in bootleg operations. Armand himself was chosen to follow in the footsteps of the Anglo-Dutch intelligence agent Alexander Helphand. Better known by his code name Parvus, Helphand used his control of elements of the Russian socialist movement to help launch the 1905 revolution there and attempt to reverse the government's industrialization drive. At the same, Helphand-Parvus made millions from his sale of munitions to Turkey and Germany.

After being given a position in the Anglo-American liquor industry from which to build up a fortune and develop networks that would persist for life, Hammer was dispatched to live in Russia from 1922 through 1932. This "Red" cover has given him entree to most East bloc countries and has helped him interface with left-colored terrorist groups operating from Italy and Libya.

Early on in Hammer's 1922-32 operations, he promised to supply Russia with 1 million tons of grain, and earned a few meetings with Lenin that served as a *carte blanche* throughout the U.S.S.R.

In 1922, he earned exclusive representation rights to do business in Russia for most of the American industrial giants, including Ford, U.S. Rubber, Allis-Chalmers and Ingersoll-Rand. Once entrusted with this plum, Hammer developed few contracts, while people like Washington Vanderlip, who were given no such

exclusive rights, signed a \$3 billion trade accord between U.S. industry and Soviet Russia in the early 1920s. Hammer was instead assigned to negotiate small select deals, and try to oversee and block any major agreements that would solidify industrial cooperation between America and Russia.

When Harry Sinclair signed a huge contract for development of the Soviets' Baku oilfields, which involved contracts for scores of American firms, Hammer was not even working for an American company. According to his book, *In Pursuit of the Romanoff Treasure*, he was attempting to sign oil contracts for a large group based in Hamburg, Germany, which appears to have been Royal Dutch Shell.

Once established in Russia, Hammer had a second assignment, beyond extending White Russian and left-wing British-Dutch intelligence networks there, and obstructing U.S.-Soviet business accords. He was to secure the Romanov crown jewels.

By 1925, using intelligence connections in Russia that he had consolidated following Lenin's death, Hammer had established what his biographer called an "ornate pleasure dome" outside Moscow, known as the Brown House. Using the house as a base of operations, U.S. investment banker Averell Harriman traveled to and from the U.S.S.R., setting up meetings and developing the Bukharin and Trotsky networks of destabilization against the regime. Many Anglo-American financiers, artists and socialists passed through Brown House in the 1920s.

The fact that the Third Annual Armand Hammer Conference on Human Rights and Peace occurred July 4-6 in Warsaw, not long before the Polish strikes were triggered, is one reminder that Hammer's aid to anarcho-socialists has not ceased.

To get himself operational feelers into the White Russian community as well, Hammer married Russian Baroness Olga von Root. When forced to leave Russia in 1932, he set up operations in Paris, buying up trade paper issued by the Soviets to foreign business firms, which was often garnered by financial subagents of Harriman's. Hammer bought the paper at up to a 50 percent discount and was then in a position to exercise a certain financial influence over Soviet policy.

With the help of his British networks in the Kremlin, Hammer had meanwhile accumulated almost \$10 million worth of the Romanov crown jewels. No Soviet official in his right mind would let Hammer leave with this national treasure, but Hammer had a friend in the middle of British intelligence operations within the government—Grigori Zinoviev. In addition to his position as a leading figure in the Communist International, Zinoviev was in 1932 the head of the Soviet Concessions Committee, which decided who could do business in the Soviet Union. With a wink and some other transactions,

Hammer relates in his book, Zinoviev allowed him to leave the country with his treasures.

Drugs and bootlegging

His background has put Hammer at ease with the Middle East's drug, illegal liquor, and dirty-money community, including Qaddafi. Before his Russian ventures, Hammer started his business career running a major liquor concession a few years after the onset of Prohibition, at the age of 20.

In 1918, Hammer was attending Columbia University Medical School and also helping out at his family's drug company, called the Good Drug Co. This is the period in which Arnold Rothstein and his friends were preparing the bootleg liquor industry on concessions from the British families that ran whiskey into the U.S. from Canada. In his official biography, Hammer would have us believe that all by himself he outwitted the mob. The evidence points to the opposite conclusion.

His background has put Hammer at ease with the Middle East's drug, illegal liquor, and dirty-money community, including Qaddafi. Hammer started out as an American bootleg adjunct, then was selected for special operations inside the Soviet Union, where he is still considered a 'friend of peace.'

The Good Drug Co. was given a contract to produce alcohol-laden tincture of ginger, which could also function as a highball ingredient. Soon the family business in the Bronx had nearly 1,000 employees instead of 20. According to Hammer's biography, his next assignment was to move into the world ginger market on behalf of the mob. He sent buyers into the handful of countries that exporter ginger to the U.S.—India, the Fiji Islands, and Nigeria. All were British colonies firmly under the control of London investment banks, but in need of a channel for their product into the U.S. Hammer bought so much ginger for immediate or future delivery that he nearly cornered the market.

By 1921, Hammer was a millionaire several times over. In the 1930s and 1940s, when he resumed his dealings with the liquor industry after a 10-year pause, the mob had started to trade drugs through the same bootleg networks. This was true of American and

National Distilleries, both of which Hammer bought heavily into. The J.W. Dant Co. of Kentucky, which Hammer bought 100 percent, was also cited as a drug front. In 1945, when Hammer sold United Distilleries for more than \$10 million, the purchaser was Louis Rosenstiel, chairman of Schenley's Liquor, reputed to be one of the largest narcotics traffickers in the U.S.

Hammer and Farouk

Currently, Hammer's principal help to Charter Oil and its president, Raymond K. Mason, is in exercising his influence inside Libya. Hammer's connections to the Middle East go back to at least World War II, and include his ties to both the Muslim Brotherhood and British intelligence working there.

The key to the operation is Hammer's dealings with former King Farouk of Egypt and press baron Lord Thomson of the Thomson Group, owner of the Hudson Bay Company of Canada.

Hammer became friends with the Egyptian King Farouk, who reigned from 1936 until 1952. Hammer first began selling Russian jewels to the King but soon was providing extensive financial services for Farouk, including shipping a deluxe yacht to the King under the cover of wartime cargo.

Beginning in 1939, Farouk began to use Egyptian state funds to fund the Muslim Brotherhood, the secretive organization that put Khomeini into power in Iran and runs Libyan strongman Muamar Qaddafi today. This was during the time that the Brotherhood was openly pro-Nazi and therefore Farouk oversaw the training of the Egyptian "blueshirts," modeled after the Nazi brownshirts.

Farouk's ties into the Italian House of Savoy brings him full circle into Hammer's drug and mobster circles. Farouk's father, Saud, forced to leave Egypt as a child, went to live with Queen Maghiretta, of the Italian ruling House of Savoy. Saud always referred to the Queen as his "second mother." The Italian ruling house is the leading part of the black nobility that brought Billy Carter to Libya ostensibly to line up oil contracts for Charter Oil. The House of Savoy is deeply involved in the international drug and assassination bureau, Permindex. Farouk's uncle, Munir Chourbagi, was on the founding board of Permindex.

King Farouk himself lived out his life after the 1952 coup against him on the Isle of Capri, where his next-door neighbor was mobster Lucky Luciano.

The Thomson group

Because of Farouk's ties to the Italian nobility and the Muslim Brotherhood, the King was, among others, immediately helpful in bringing Hammer to Libya in 1964 and setting up valuable oil contracts for him in 1966.

Of equal importance is the late Lord Roy Thomson, the Canadian press lord who owns some of the world's most prestigious papers, including the *Times* of London. Thomson's son and namesake currently maintains the press empire to the same effect.

In the mid-1970s, Hammer gave Thomson 20 percent of Occidental's North Sea oil holdings, allowing Thomson to form the Scotland Petroleum Co. This occurred in exchange for a favor, namely, running protection for Hammer. According to Hammer, Thomson intervened in the early 1970s and used his pull in Egypt and elsewhere to get Qaddafi to come to terms with Occidental and stop threatening to expropriate or further reduce Hammer's oil production or ownership prerogatives in Libya.

At the same time, Roy Thomson's Bahamas connection is legendary. He is one of the bright young men that ran Allied intelligence for the Special Operations Executive (SOE) during World War II. Heavily comprised of British nobility, this elite unit then relocated to Newfoundland, Canada at the war's end to carry on its activities in a private mode.

In turn, of great assistance to Thomson in this period was international press mogul Lord Max Beaverbrook.

From a power base in Canada, SOE set up the Bahamas banking laws which established the Caribbean as the seat of offshore banking in the 1940s. Thomson, along with E.P. Taylor, built up the Bahamas banking zone, creating the largest offshore bank through a branch of Royal Bank of Canada, called Roywest, in the Bahamas. Thomson is a board member of the Royal Bank of Canada.

As the wealth and power of the offshore banking operations grew, so did the power of those who ran the networks. They took control of all illegal drugs, money and weapons trade in the region, making the Bahamas one of the headquarters of the \$200 billion per year international narcotics trade.

While Thomson is advising Hammer, one of Thomson's protégés and subordinates from the London *Times*, Peter Jay, is inserted as financial adviser and lobbyist for Charter Oil.

One of the directors of the Royal Bank of Canada in the Middle East, Yvonne Sursok, is tied into old-line nobility in the Middle East; the Sursoks, who once owned the real estate on which Israel now exists, control considerable chunks of land in Lebanon. Thomson is thus in a position to oversee the Libyan operation from the top, as well as influence several aspects of the Billygate affair.

With such highly placed contact points in the Middle East and an 11-year presence in Libya, it is no wonder that Hammer's good graces should be sought by Charter Oil.