

## Eye on Washington by Nicholas Benton

### Meese takes aim at money laundering

Attorney General Edwin Meese took a bold step for the Reagan administration's War on Drugs with his announcement on June 13 of legislation to make bank "laundering" of drug money a crime. Meese told a packed press conference at the Justice Department that, technically, there is currently no law against laundering—the recycling of illegal dope profits into the legal banking system camouflaged as the proceeds of real estate, sports

result, he said, law enforcement efforts to get to the financial end of drug racketeering have been severely hampered.

Since 1978, when we coined the term "Dope, Inc.," *EIR* has emphasized that the major bankers who launder dope profits for the oligarchy "above suspicion," have to be jailed if the plague of drug trafficking is to be stopped.

Meese said that the new legislation will be introduced by Sen. Strom Thurmond (R-S.C.), chairman of the Senate Judiciary Committee, and Rep. Bill McCollum (R-Fla.), a member of the House Judiciary Committee. "It is the last major piece of legislation we need" to effectively prosecute the War on Drugs, Meese said in response to a question from this reporter.

*EIR* asked him how big an upheaval the investigation into laundering is going to be. "How about the so-called 'names above suspicion,' are we going to see the masterminds finally get

nailed now?" Meese said, "I think we can look forward to some fairly major investigations and prosecutions." He added that he hoped the law would be "a deterrent factor" in halting illegal activities before they are discovered by law enforcement.

### 44 banks still being probed

John Walker, Assistant Secretary of the Treasury, was at the press conference with Meese. Walker affirmed that the 44 banks he had earlier named as under formal investigation are still being investigated. Asked specifically about the cases of Merrill Lynch and Shearson/American Express, he confirmed that both those cases are under active scrutiny.

Merrill Lynch, as well as E.F. Hutton and five banks (including Crédit Suisse and two other Swiss banks) were named in the so-called "Pizza Connection" dope network identified in the early 1980s. Shearson/Amex was raided in Philadelphia earlier this year by Treasury agents, who have been totally mum on the case ever since, except to acknowledge that it had to do with drug-money laundering.

It was Walker who in 1981 insisted that the top level leadership of the Great American Bank of Dade County, Florida, was behind the drug-money laundering going on there—despite efforts to exonerate the big boys.

Among those exonerated was Marvin Warner, the shady banker whose Home State Savings in Ohio recently collapsed. The case to exonerate Warner from a role in the laundering was drafted by Hugh Culverhouse, who is currently on the board of directors of Carl Lindner's American Finance Corporation. Lindner's

wholly-owned subsidiary, Hunter Savings and Loan, is being granted the blessings of the State of Ohio, plus \$100 million in taxpayers' money, to take over Warner's Home State Savings in Cincinnati!

When *EIR* brought all this out for Meese and Walker to comment on in front of the national press corps, they promised that every effort is being made to trace the highest levels of responsibility, and that this will become much easier with this new legislation.

Asked whether by this legislation, Meese was "accusing chief executives of banks of laundering drug money," the attorney general replied that the law is aimed at prosecuting whoever is guilty, and "if there are directors involved, they will be prosecuted. There may well be such cases."

Meese said this is the third major move in the War on Drugs. The first was the cooperative task-force effort established between the Justice and Treasury Departments in 1982, and the second was the passage of the Comprehensive Crime Control Act of 1984. He cited the achievements to date, including over 5,000 indictments, and announced that the administration and Senate leadership have come to an agreement on a \$100 million increase in the War on Drugs budget for FY1986.

The new bill will include revisions of the Financial Secrecy Act, which will make it possible for any bank employee to come forward with suspicions of laundering.

One obvious reflection is the question of why there were never laws against such banking practices in the first place, and why banks have been so protected with privacy legislation to prevent scrutiny into what has become over a \$100 billion a year industry in the U.S. alone—dope trafficking.