

# The year money-laundering made the headlines—and nothing was done

The following listing strongly indicates what *EIR* documented over the course of 1985; that the American banking system, from top to bottom, as presently organized and under present economic policies, is a criminal enterprise. The reality of the U.S. banking system's dependence on dirty money for a critical margin of its remaining liquidity is undoubtedly associated with the remarkably mild penalties passed down by the U.S. Justice Department in its so-called "war on drugs," exemplified by the mere \$500,000 fine levied against a Bank of Boston convicted of laundering \$1.2 billion. A serious prosecution of the war on drugs, entailing a crackdown on money-laundering, would have to be followed up by thorough banking reform and re-regulation of a system thereby rendered bankrupt. It is to be believed, therefore, that the administration has pulled back from a serious war on drugs/money-laundering in terror of the economic policy issues involved.

This listing only reports on individuals indicted for money laundering if an associated bank is named.

**Feb. 14: Bank of Boston.** *New York Times* reports bank's acceptance of bags of cash from organized-crime family headed by Gennaro J. Angulo; grand jury investigation under way.

**Feb. 20: Unidentified;** Irish High Court in Dublin orders seizure of "secret IRA bank account" of \$1.6 million, laundered through "unidentified Boston bank to an unidentified Swiss bank."

**Feb. 25: Provident Institution for Savings.** Employee reported to be meeting regularly with reputed organized-crime bosses. SEC reported investigating for possible security violations.

**Feb. 28: Bank of Boston.** Rep. Fernand St Germain's House Banking, Finance and Urban Affairs Committee announces hearings for March 20, 1985 in Boston on Bank of Boston case. Senators Roth, Rudman, and D'Amato also announced hearings. New England Organized Crime Task Force investigation is continuing.

**Feb. 28: Bank of Boston.** Venezuela's *El Mundo* reports "the majority of the money exported [by the Bank of Boston] came from deposits made by Venezuelan politicians and

businessmen, amongst whom appear some ex-presidents."

**Feb. 28: Cowen & Co.** SEC investigating for possible violations of securities laws.

**March 11: United Mizrahi Bank and Trust Co., North American Bank, Ltd.** Court of Appeals reverses lower court ruling that dismissed charges against three former bank officers, indicted after a federal undercover agent asked them to secretly move \$3 million out of the country.

**March 19: Irving Trust Co., Chemical Bank.** Accounts totaling over \$30 million frozen, funds apparently related to narcotics offenses; Chemical will be fined \$210,000 for 857 unreported transactions totaling \$26 million.

**March 25: First City National Bank of El Paso.** DEA-led investigation shows bank handling money for top "drug kingpins" from Mexico.

**March 28: Irving Trust Co.** Bank announces it failed to report 1,659 transactions with 38 foreign banks, totaling \$292 million, and was fined \$295,000.

**March 28: Manufacturers Hanover Trust Co.** Failed to report 1,400 cash transactions under Bank Secrecy Act, totaling \$140 million; fined \$320,000.

**March 28: Bank of New York.** Reports failure to file on 12 transactions with two foreign banks totaling about \$1.5 million.

**March 28: Citibank.** Claimed to have reviewed all transactions and found no violations.

**March 28: Morgan Guaranty Trust Co.** Claimed to have reviewed all transactions and found no violations.

**March 28: Marine Midland Bank.** Claimed to have reviewed all transactions and found no violations.

**March 28: Chase Manhattan Bank.** Fined \$360,000 for failing to report currency transaction totaling \$850 million.

**March 28: Bank of America.** Claims violations but in smaller amounts than in banks fined.

**March 28: First National Bank of Chicago.** Claims violations but in smaller amounts than in banks fined.

**April 3: Shearson Lehman Bros.** Philadelphia office raided by IRS/FBI/Customs agents; 27 months' worth of cash receipts, disbursement blotters, and other records seized.

**April 5: Shawmut Bank of Boston.** Internal probe re-

veals nearly \$200 million in international transactions never reported; Comptroller of Currency notified on same day federal investigators were contacting bank to notify of possible violations.

**April 5: Maine National Bank, Casco Northern Bank, and Norstar.** *Boston Herald* reports these Maine banks are conducting internal investigations into their procedures for reporting large cash transactions.

**April 21: Bank of Coronado, Texas.** Forty four-count grand jury indictment against Cuadalupe M. "Cha Cha" Alcantar, manager of San Ysidro branch, and four others for processing \$20 million over 18 month period (or 10% of the bank's total business) through accounts held by known or suspected narcotics traffickers.

**May 18: First City National Bank, El Paso, Tesoro Savings and Loan.** Federal agents seize \$6.5 million on deposit at the El Paso bank and \$1.4 million at Tesoro, Laredo, as proceeds of narcotics sales. DEA says that \$6 million from Tesoro and \$2 million from First City was laundered out of these two institutions just prior to federal action.

**May 23: Landmark First National Bank.** Officer Hernan Botero charged with 7 counts of money-laundering (proceeds of narcotics sales), mail fraud, and tax violations, faces maximum penalty of 35 years in prison and \$70,000 fine; brother Roberto Botero also convicted.

**June 6: Caribbean Federal Savings, Citibank, Western Federal Savings, Bayamon Federal Savings and Loan Association, Banco Financiero de Puerto Rico, First Federal Savings Bank, Banco de Ponce.** Two hundred U.S. agents arrested 14 bankers and impounded records as part of Operation Greenback. Arrested were a Citibank branch manager and former manager, and the president of Caribbean Federal, Raul Penagaricano, also vice-chairman of Federal Home Loan Bank of New York.

**June 27: Golden Nuggett,** Atlantic City, New Jersey Casino-owner Stephen Wynn testified before the President's Commission on Organized Crime that Anthony Castelbuono did not launder \$1.1 million at the casino, but lost it legitimately. Castelbuono brought in the money in small bills in shoe boxes. Castelbuono was indicted in March for laundering \$3 million from drug sales through four Atlantic City Casinos including the Golden Nuggett.

**July 9: Bank of Monroe,** West Virginia. Fined \$1,000 for failing to report a \$58,000 cash deposit that federal prosecutors link to a drug case.

**July 18: Bank of Irvine,** California. Former vice-president acquitted of drug money-laundering charges because the jury didn't believe the government's chief witness, W. Patrick Moriarty.

**July 29: Federal Home Loan Bank,** New York. Altered examination reports of Puerto Rico's Caribbean Federal to hide currency reporting violations.

**July 30: Midland Bank and Trust Co.,** Paramus, New Jersey Bank client Gerald Morelli convicted of laundering \$200,000 through the bank; bank convicted of failing to report cash transactions in 1979, 1980, and 1981. In March 1985, former president pleaded guilty to misapplication of funds, and concealing cash transactions.

**Aug. 9: Sunshine State Bank, Miami.** Owners convicted of buying the bank for purposes of money laundering; acquitted by a jury who felt the state's primary witness had no credibility.

**Aug. 27: Crocker National Bank,** San Francisco. Fined \$2.25 million for 7,877 unreported cash transactions totaling \$3.98 billion from Mexico and Hong Kong.

**Sept. 18: Pan American National Bank,** Union City, New Jersey Depositor convicted of "causing the bank to fail to file currency transactions reports"; former president sentenced to a five-year prison term for submitting false documents and failing to file currency reports.

**Sept. 25: Bank of America,** California. Announced negotiations with Treasury over violations discovered during internal audit. Bank spokesman Peter Magnani said fine would be on the order of \$1 million.

**Oct. 14: Riggs National Bank,** Washington, D.C. Fined \$296,750 by Treasury for 1,226 violations of currency reporting. Related: Marcos Cadavid, Colombian cocaine trafficker, laundered money thru D.C. lobbyist Fred Black and former Riggs Bank Vice-President William Helser. All three convicted.

**Oct. 14: RIHT Financial Corp.** (Rhode Island Hospital Trust): Records subpoenaed by U.S. Attorney regarding currency transactions of Columbus National subsidiary. RIHT also told Treasury that it was in violation of currency reporting requirements.

**Oct. 15: Bank of New England,** Boston. Bank and two employees indicted for allowing a loan shark to withdraw up to \$817,000 without filing currency report; 36 violations cited.

**Oct. 25: Northwest Community Exchange,** Medford, Oregon. Raided by IRS for unreported currency transactions.

**Nov. 8: NBD Bancorp, Comerica, Inc., Michigan National Corp.** Three admitted to 782 violations of cash reporting.

**Nov. 8: Bank of Texas,** Dallas. Vice-President arrested for agreeing to launder \$1.4 million for undercover agent. Three other men, two from Britain, also arrested. Money to be sent to Swiss banks.

**Nov. 17: Republic Bank.** DEA seeking under forfeiture laws to seize \$6.8 million from bank accounts alleged to belong to Mexico's Rafael Caro Quintero.

**Nov. 17: Unidentified,** McAllen, Texas. Federal investigators seize \$3.9 million deposited in two banks by former Mexican federal police official Rodolfo Moises Calvo. DEA claims funds derived from illicit narcotics trade.