

# I. Dope bankers give the orders

For over a year and a half, Project Democracy's "Operation Overthrow" against Panama's government and military floundered, finding few supporters within Panama, and failing to win active support from more rational strategists within the U.S. military establishment. That picture changed in June 1987, when the war against Panama began in earnest. This time, the secret government in the United States succeeded in rallying "official" Washington behind their plot.

What had changed?

The answer was bluntly stated on Aug. 10, 1987, in a *New York Times* news analysis entitled "Bank Uncertainty in Panama." Author Larry Rother wrote:

"The political crisis follows closely what bankers here saw as a serious breach of bank secrecy regulations. Earlier this year, as part of an American campaign against the laundering of drug money, the Panamanian government froze a few suspect accounts here in a manner that bankers and lawyers regarded as arbitrary. The action, which took place in May, involved about \$10 million in 54 accounts at 18 banks. 'The papers were served without citing any statutes or articles in complete disregard for the legal procedures that are supposed to be followed,' one Panamanian banker said. 'It was done to appease the Americans and was typical of the way this guy works.' "

Indeed. On May 6, 1987, U.S. officials had announced the results of the first phase of "Operation Pisces," an anti-drug operation which they called "the largest and most successful undercover investigation in federal drug law enforcement history." Fifty eight major U.S. and Colombian narcotics runners were arrested in Miami, Los Angeles, and New York, and indictments were issued against 57 more.

The indictments were the fruit of a three-year investigation by U.S. Drug Enforcement Administration agents into drug money-laundering, the aspect of narcotics which bankers would prefer were left unmentioned, never mind investigated and prosecuted. International coordination against drug money-laundering opened a powerful flank against the supranational dope business.

The 54 accounts Panama's government seized in 18 banks of various nationalities operating in the offshore center were opened for examination by U.S. drug agents. Followup investigations by the Panama Defense Forces (PDF) led to the identification of another 85 accounts whose deposits were suspected of being the proceeds of drug sales. Those, too, were frozen.

It was the first implementation of Panama's new banking Law 23, a law designed to curb drug money-laundering through the offshore center, which had been drawn up with the aid of an anti-drug unit of Panama's Defense Forces. As the Bogotá, Colombia daily *El Espectador* noted: "With the decision to freeze bank accounts in Panama, it has been shown that Panama's new laws against drug-trafficking are effective."

U.S. anti-drug officials had already stated that they viewed the Panamanian anti-laundering legislation as a milestone in the fight against drugs. On March 16, 1987, DEA Administrator John C. Lawn sent a letter to Panama's ambassador to the United States, Dominador Kaiser Bazán, conveying the DEA's appreciation. Lawn wrote:

"I was pleased to read Law No. 23, which was recently enacted by the Republic of Panama to more effectively combat the financial laundering aspects of drug trafficking. It is a significant step toward curbing the illegal flow of money through Panama. I hope this initiative your government has taken *will serve as a model for other countries throughout the Americas*" (emphasis added).

On May 27, 1987, Lawn sent a letter to General Noriega personally, to express the DEA's pleasure at the success of the operation.

"Once again the United States DEA and the enforcement authorities of the Republic of Panama have joined efforts to strike an effective blow against the drug-traffickers who plague us all. As you know, the recently concluded Operation Pisces was enormously successful: many millions of dollars and many thousands of pounds of drugs have been taken from the drug traffickers and international money launderers. Your personal commitment to Operation Pisces and the competent, professional, and tireless efforts of other officials in the Republic of Panama were essential to the final positive outcome of this investigation. Drug traffickers around the world are now on notice that the proceeds and profits of their illegal ventures are not welcome in Panama."

Lawn specified that the importance of Operation Pisces extended beyond any individual accounts seized, as the operation provided critical insight into the mechanisms of banking transactions in general which drug-traffickers use. While citing the work of several top Panamanian officials who participated in Operation Pisces, Lawn was fulsome in his personal thanks to General Noriega for this advance. He wrote:

"The operations on May 6 . . . led to the freezing of

millions of dollars in trafficker bank accounts in Panama and the seizure of banking records which will provide enforcement authorities with insight into the operations of drug traffickers and money launderers. . . . I look forward to our continued efforts together. DEA has long welcomed our close association and we stand ready to proceed jointly against international drug traffickers whenever the opportunity arises."

This was not the first time General Noriega's PDF had struck the dope banking apparatus. In December 1984, the Panama Defense Forces provided information to the DEA on the activities of Jorge Luis Ochoa and Gilberto Rodríguez Orejuela which led to their arrest in Spain on charges of masterminding the smuggling of 1,500 kilos of cocaine into the United States from Colombia between the months of February and July 1983 alone.

Then, in an unprecedented act, the government shut down the First Interamericas Bank, after the Defense Forces presented their evidence that the two cocaine traffickers used the bank to launder their profits. At that time, U.S. authorities acknowledged the role of General Noriega in assuring that victory, and warned that the cocaine mafia had vowed revenge.

### U.S. switches sides

But in 1987, the story has been a different one. What had been a worrisome precedent for dope bankers in 1985, had not only been codified in law, but was being enforced.

The offshore bankers' local political apparatus went into action. Opposition papers, *Extra* and *La Prensa*, launched a press campaign against Panama's participation in "Operation Pisces" as a move that "will devastate the Panamanian banking center." *Extra* protested, "The U.S. Attorney has more power to investigate bank accounts in Panama than he has to investigate bank accounts in his own country." *La Prensa* accused the Panama Defense Forces of being U.S. lackeys for their action. "Matters dealing with drug-trafficking and money-laundering are handled by Panama's Defense Forces solely for propaganda purposes and to serve U.S. interests," the paper editorialized on May 12, 1987.

In less than a month, "Operation Overthrow" was under way, led by those same forces who protested that Operation Pisces merely "served U.S. interests." The Eastern Establishment wanted to deliver one message loud and clear: Any nation which follows Panama's successful implementation of Law No. 23, may receive the same treatment.

Within the United States elite, the order went out: Noriega must go, and hesitations from U.S. military men or the men on the frontlines fighting drugs, cannot stand in the way. "Operation Overthrow" became the "consensus" policy in Washington—not because military men had changed their evaluation of its dangerous foolishness, nor because anti-narcotics officials had suddenly found "evidence" of drug involvement, but because acquiescence was easier than bucking orders of an angered Eastern Establishment.

## Who is José I. Blandón?

On Aug. 11, 1987, then New York Consul General José Blandón declared on an extraordinary broadcast on Panama's national television that the anti-Noriega war is "a campaign essentially aimed at the liquidation of the government of the Republic of Panama," initiated by the "invisible government led by the group of McFarlane, Poindexter, and North."

Within a month, Blandón was working for that the invisible government, seeking to "liquidate" his government! Blandón reported on Panamanian radio on Feb. 2 that he spent "more than 400 hours" meeting with State Department officials, opposition leaders, and his Socialist International friends, to prepare the way to get rid of General Noriega. Blandón's job was to line up international support. He did, from his friends:

- Former Colombian President Alfonso López Michelsen, Fidel Castro's friend and intermediary for the Medellín Cartel;

- Panamanian opposition representative Gabriel Lewis Galindo, himself a business associate of López Michelsen;

- Former Costa Rican President Daniel Oduber, whose private airstrip on his Costa Rican ranch, the cocaine mafia asked be used for transshipment, DEA informants claimed in a 1986 Florida drug case. Oduber, a member of the Inter-American Dialogue, supports the Dialogue's proposal that narcotics legalization be adopted.

For years, Blandón served as the principal liaison of the Democratic Revolutionary Party (PRD) to the Socialist International. A typical Socialist, he also ran Panama's negotiations with the IMF, and was the right-hand man of Panama's banker President, Nicolás Ardito Barletta. Blandón's closest ally within the Armed Forces was not General Noriega, but the crazy Col. Roberto Díaz Herrera, the self-proclaimed "extraordinary friend" of Fidel Castro. (Díaz Herrera insists he, Castro, and several Socialist leaders in the area make up a political-religious network of occultists in the Caribbean.)

Blandón also claims that it was he *personally* who made sure that President Eric Delvalle did not form an alliance with Peru's Alan García on the foreign debt in 1985, as proposed by Lyndon LaRouche and the Schiller Institute's Ibero-American Labor Commission. Panama must implement an International Monetary Fund austerity program, Blandón argued; LaRouche and García are "crazy," and doomed to failure.