

associate Charles "Lucky" Luciano from a U.S. jail and sending him back to Italy to coordinate the mafia, reestablished under supervision of U.S. Army forces at the end of World War II, is only briefly addressed, and then dismissed by Sterling in a short footnote. Sterling, a close associate of U.S. intelligence consultant Michael Ledeen, also neglects to identify the direct role of Philip Morris.

The Stasi entrepreneur: Schalck-Golodkowski

Alexander Schalck-Golodkowski, a major general in the former East German communist secret service, the Stasi, ran a special unit of the government called Commercial Coordination (KoKo). From this post, he directed a network of 148 business fronts worldwide, and was responsible for all manner of sensitive dealings with the West.

Known as "Big Alex"—and not only because of his 220-pound weight—Schalck-Golodkowski's main economic function was to gather as much hard currency as possible, for use by the Stasi in subversion operations worldwide. For example, the KoKo supervised the East German company IMES, which regularly supplied weapons to U.S. National Security Council staffer Lt. Col. Oliver North for the Contras, as well as to the warring parties in the Iran-Iraq war. The KoKo's multibillion-dollar arms-smuggling empire also worked with British, Swedish, Belgian, Italian, West German, and other western firms (see *EIR*, April 16, 1993, "Dieter Bock: Front Man for the Stasi," for Schalck's ties with Lonhro's Tiny Rowland). According to German media reports, narcotics traffic was one of Schalck's specialties.

As a reward for services rendered to the communist regime, "Big Alex" was awarded the Order of Karl Marx in 1982 by dictator Erich Honecker, and the Great Star of the People's Friendship in 1984.

Several years before the fall of communism in East Germany in 1989, Schalck and other communist bigwigs saw the writing on the wall, and began setting up secret bank accounts in Switzerland, Gibraltar, Luxembourg, and elsewhere, preparing for a new life under capitalism.

Schalck-Golodkowski now resides in a small lake-side villa in Bavaria, running new "business activities." He is currently the target of a subcommittee of the German parliament investigating the crimes of the former communist government.

In December 1991, the Italian government was of a different opinion. Under the direction of then Finance Minister Formica, the government banned the legal sales of Philip Morris in Italy, charging that the company was complicit with the smuggling networks who controlled the illegal black market, dominated by Philip Morris's Marlboro brand. Based on documentation developed by Italy's Guardia di Finanza (financial police), it was also charged that the cigarette-smuggling network was one and the same as that running the Balkan route heroin traffic. As was clear with the famous "Bulgarian Connection," the eastern intelligence services, under the KGB umbrella, played a major role in facilitating this traffic.

Sofia, Bulgaria was one of the centers for the cigarette-heroin traffic. Philip Morris had a licensed production facility in Bulgaria which was also supplying smugglers. Journalist Egmont Koch describes in the book *Grenzlose Geschäfte* the 1979 case wherein Philip Morris sold cigarettes to the Swiss-based Algrado AG, owned by Werner Denz, a man cited in 1992 in Italian press articles as a link between Philip Morris and the Camorra. The cigarettes were shipped from Antwerp, Belgium to Lisbon, Portugal, loaded onto a Greek freighter for shipment to Burgas, on the Bulgarian Black Sea coast, and delivered to Despred Zoll, a Sofia-based state trading company. Greek officials, realizing that Bulgaria had no need for importing Marlboros, since Philip Morris had a factory there, presumed that the cigarettes were in fact to be diverted for the Italian black market, and seized the ship while docked in a Greek harbor. Albania was also involved in such smuggling schemes, with Marlboro the choice brand and Philip Morris's New York City and Lausanne, Switzerland offices in touch with Werner Denz as the middleman. Cyprus ports also play a role as a centralizing and breakdown point for ship containers of cigarettes. Nicosia, Cyprus is also a major offshore banking center, including for the Serbian banks channeling dirty money for the war effort.

Like Bulgaria's Kintex state trading company, East Germany's state companies were implicated in diverting Marlboros into the Italian black market. The Schalck-Golodkowski "KoKo" apparatus funneled western-produced cigarettes, using false documentation, to the Italian black market. One East German company, Asimex, routinely handled cigarette-smuggling responsibilities. In a 1980 case prosecuted in Darmstadt, West Germany, a smuggling ring shipped 100 million cigarettes into East Germany, where they were re-documented and falsely declared, the trucks sealed in violation of the TIR international freight treaty by East German customs, and sent back into the West without paying the appropriate taxes. The cigarettes had been produced in Switzerland, shipped through West Germany to East Germany, from East Germany back into West Germany, and then through Austria to Italy. Much of the material on the East bloc role in drugs and cigarette smuggling surfaced due to the investigations of Judge Germain Sengelin of Mulhouse, France.