

Iran-Contra link to Schneider real estate scandal emerges

by Dean Andromidas

On May 18, in Miami, Florida, agents of the U.S. Federal Bureau of Investigation (FBI) arrested Germany's Jürgen Schneider. Schneider fled Germany in March 1994, following the collapse of his DM 9 billion (roughly \$5.6 billion) real estate empire, an empire based on what proved to be systematic fraud so outrageous as to generate one of the biggest real estate scandals in German postwar history. Some of Germany's largest commercial banks, especially Deutsche Bank and Dresdner Bank, eagerly loaned him hundreds of millions of deutschemarks. Luxurious office blocks and shopping centers sprang up throughout Germany, including luxury hotels in Frankfurt, Munich, and in Dresden and Leipzig in the former East Germany. When the bubble burst, Deutsche Bank Chairman Hilmar Kopper became famous when he shocked the German public with the remark on the losses, "Oh, that's peanuts."

New details of Schneider's fraud and that of his accomplices have now surfaced, confirming what *EIR* has been writing for years—that real estate speculation goes hand in hand with drug and weapons smuggling, forming a corporate subsidiary of Dope, Inc. This black economy is in turn controlled by an international oligarchy operating through the powerful economic and political institutions, including banks and secret services.

An examination of one of Schneider's key accomplices, Mustapha El Kastai, an Egyptian businessman living in Geneva, brings this fact into high relief.

Mustapha El Kastai, a.k.a. Dr. M.K. Moss, is a Geneva-based weapons dealer and expert money launderer. His company, Diwan S.A., has an office at Cours Riva 4, which is in the same complex as that of Abbas Gokal, who, as the owner of a network of shipping and trading companies, was one of the biggest beneficiaries of the infamous Bank of Credit and Commerce International. The collapse of BCCI several years ago is still being felt in the international financial community, and has revealed the bank to have been at the center of money laundering, narcotics trafficking, terrorism, and intelligence operations. El Kastai, although not as famous or rich as the players behind BCCI, nonetheless moved in the same circles.

According to European security sources, El Kastai has been an informant for the CIA, the Israeli Mossad, and other intelligence services for almost two decades. According to

the German weekly *Focus*, Robert Babayan, a weapons dealer said to have ties to the Syrian-based Georges Habash, leader of the Popular Front for the Liberation of Palestine, met with former CIA head Robert Gates in the summer of 1984. The meeting dealt with the massive weapons sales made to Iran in the Iran-Contra affair. According to the article, Interpol received many official requests from Washington, Ottawa, and even Belgrade for information on Diwan S.A. in relation to fraud, weapons deals, and narcotics transactions. While El Kastai appears to fit the character for cheap mystery and crime novels, he serves as a useful tool for key financial institutions in the service of the international oligarchy that stands behind this black economy.

A 'cut out' for Union Bancaire Privée

Schneider stashed over DM 200 million in the Union Bancaire Privée (UBP), one of the dirtiest banks in Geneva that has been the object of investigation of police agencies throughout the world, including those of the United States, South Africa, and Israel. According to a well-informed European security source, El Kastai serves as a "cutout" for UBP. In other words, the bank, in order to shield itself from direct contact with criminal networks, uses people like El Kastai as middlemen.

According to German press reports, El Kastai came into contact with Schneider at the beginning of the latter's expanding real estate empire at the end of the 1980s, serving as the mediator between Schneider and the bank. "El Kastai showed him the way," the security specialist pointed out. "We have El Kastai tied into various cases since the late 1970s. He works with Union Bancaire Privée and Republic National Bank." The latter is the bank of Edmond Safra, one of the key financial supporters of the Anti-Defamation League of B'nai B'rith. The background of these two banks brings us to the center of this powerful international oligarchy.

UBP can best be described as the many-headed hydra of a group of international oligarchical families and interests sometimes called the Club of the Isles, headed by the British oligarchy. The bank is owned by Edgar de Picciotto, a family of Levantine Jewish background whose banking and merchant activities go back many generations. Ironically, *picciotto* is the name given by Italian mafiosi to their hitmen. As

owner of the third-largest private bank in Switzerland, De Picciotto sits on the board of directors of the Quantum Fund of financial speculator George Soros. Soros is a creation of the financial oligarchs of the City of London, and has been instrumental in the destruction of the economies of eastern Europe and the former Soviet Union, being the key sponsor—and beneficiary—of the “shock therapy” policies of the International Monetary Fund.

Swiss financial circles report that if it were not for the backing of British financial interests, particularly the Rothschilds, UBP would be nothing. De Picciotto is a member of the 1001 Club of millionaires who finance the World Wide Fund for Nature (WWF) of Prince Philip, the Duke of Edinburgh and royal consort to Queen Elizabeth of Great Britain. One of his business partners is the son of Carlo De Benedetti, member of one of the most powerful families in Italy.

At the center of scandal

UBP has been involved in almost every major financial scandal to hit Switzerland in the last five years. Last fall, the U.S. Drug Enforcement Administration (DEA) and Department of Justice indicted eight people, including three of the bank's account directors for leading a multimillion-dollar money-laundering ring between Miami and Geneva. One of the bank's account directors is currently sitting in federal prison in Florida. At the same time, the South African police broke that country's largest gold-smuggling ring. The gold, disguised as silver bars, was transported to Switzerland—and the proceeds deposited in UBP.

In another case, UPB shares the same address with Geopol Services S.A. This small company brings together key players in the massive weapons deals of the 1980s, including Helmut Raiser, former president of Bohlin Industries GmbH, the German-based international munitions manufacturer owned by the younger brothers of Alfred Krupp. Raiser also led a group of companies based in Zug, Switzerland which helped develop the Condor Missile project in Iraq and Egypt. He sold billions of dollars of munitions to both Iran and Iraq during the Iran-Iraq war. Another director was former Swiss Justice Minister Elisabeth Kopp, who lost her job in 1988 when she leaked information to her husband, Hans Kopp, that one of his clients was being investigated by the DEA for drug-running. The third director is Pierre Hafner, director of De Picciotto's holding company, CBI Holding. This network played a key role in the international arms bonanza during the Iran-Iraq war.

The role of Deutsche Bank, Germany's largest commercial bank, was central to the Schneider affair. It was the epitome of conservative banking which had traditionally serviced Germany's large industrial corporations, but its policies changed dramatically following the November 1989 assassination of its chairman, Alfred Herrhausen. The latter was assassinated at the behest of British-allied circles who opposed his policies of industrial cooperation with eastern

Europe following the collapse of the communist regimes of East Germany and eastern Europe. By 1994, the bank had lent Schneider over DM 1.3 billion, almost as much then as all the other banks combined. When Schneider's empire collapsed, Deutsche Bank quickly claimed it was defrauded, although the German prosecutor's office initially had doubts about its complete innocence. After the collapse, Deutsche Bank called on the authorities to seize over DM 230 million which Schneider held in numbered bank accounts in Switzerland. The accounts, which were traced and frozen by the German Federal Criminal Police, were at UBP in Geneva.

It is interesting to note that UBP Chairman Edgar De Picciotto was also on the board of directors of Deutsche Bank's branch in Geneva in the 1980s. Schneider's arrest in Florida would put him in the same U.S. district court as the Miami-UBP money-laundering case.

UBP itself is a merger in 1989 of CBI Bank, De Picciotto's old bank, and Trade Development Bank, which was owned by Edmond Safra and American Express Corp. Also of Levantine Jewish background, Safra was classmates with De Picciotto in Beirut. Although he no longer has any corporate links with UBP, he owns several banks, including Republic National Bank and Safra Bank, with operations in New York, Geneva, Tel Aviv, and throughout Ibero-America. Safra, like De Picciotto, is a member of the 1001 Club who finance Prince Philip's WWF.

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