

Neo-Con Sponsor Black May Go Down in Flames

by Scott Thompson

On Nov. 17, a thunderclap forecast by *EIR* hit Lord Conrad Black of Crossharbour's Hollinger media cartel empire, and Lord Black is rapidly losing control as, the London *Times* of Nov. 17 put it, the "predators" move in. Conrad Black is now under investigation in a case that's a perfect example of Enron-style looting—from his high-priced mansions in London's ritzy Kensington section, New York City and Chicago, to his sugar-daddy role to U.S. Defense Policy Board member Richard Perle, in which he financed a plethora of neo-conservative money-losing fronts. And, although the Securities Exchange Commission (SEC) gave *EIR* "an official no comment," the *International Herald Tribune* reported on Nov. 20, that subpoenas have been issued against Hollinger International, Inc. (HII), and against several senior executives, possibly including Black.

Black has been forced to resign one of his roles as HII Executive Chairman and CEO, but the investigation into the intricate web of the Hollinger empire set up by this hedonistic Canadian patrician, who insisted on becoming a British subject and buying himself a Lordship, continues. And angry Hollinger stockholders want to know how "Lord" Black managed to lose one-half billion dollars in the last two years.

Imperial Illusions

Upon acquisition of the Telegraph Group—i.e., *The Daily Telegraph* and *The Sunday Telegraph*—in the early-1980s, Black turned a moderate Tory newspaper into a trumpet for then-Prime Minister Margaret Thatcher and an English-Speaking British-American-Commonwealth Empire. When Black acquired *The Jerusalem Post* in the same period, he fired the left-of-center staff, and turned this English-language daily into a voice for future fascist "Likudnut" Prime Ministers Benjamin Netanyahu and Gen. Ariel Sharon. For decades, Black added to his right-wing empire, padding his now-defunct International Advisory Board with luminaries such as Baroness Thatcher, Peter Lord Carrington, Henry Kissinger, Zbigniew Brzezinski, and his own "Prince of Darkness," Richard Perle. But now, with Lazard LLC and dealmaker Bruce Wasserstein having been called in for a cleanup—known as a "strategic process"—that may include selling off these and other subsidiaries of HII, the political face of Hollinger and the politicians that it supports may change.

As *The Wall Street Journal* opined on Nov. 18, Black "had an appetite for Empire that was greater than his ability

to pay for it." Of course, his propensity for graft did not help the balance sheets either.

In the last decade-plus, especially since the first Gulf War in 1991, Lord Conrad Black became "sugar-daddy" to the neo-conservative movement (perhaps next only to Rupert Murdoch), whose tab included not only Richard Perle, but also Gerald Hillman, fellow member of the U.S. Defense Policy Board and now a director of the Trireme company, of which Perle is the Managing Director. *The National Interest* magazine of Washington, which is a watering hole and welfare agency for Straussian and neo-con fixtures, was also bought up by Hollinger. Both the American Enterprise Institute (AEI), and the down-at-the-heels Hudson Institute were other beneficiaries of Black's largesse—apparently using "OPM," as they say in Hollywood, other people's money.

Of particular notoriety is the Hudson Institute, which now employs Laurent Murawiec, a former French Trotskyite and itinerant warmonger, whom Perle in an infamous case brought before the Defense Policy Board on July 10, 2002 to declare a "Clash of Civilizations" war against Saudi Arabia. As *EIR* reported then, Murawiec was formerly affiliated with *EIR* and Lyndon LaRouche, until he was bought off to support the Likud, and the war crimes of Ariel Sharon, whom LaRouche had opposed. Another Hudson employee is Meyrav Wurmser, an Israeli emigré to America. With Perle, Wurmser was one of the authors of the neo-con manifesto *Clean Break: A New Strategy for Securing the Realm* produced in 1996, for then-Israeli Prime Minister Netanyahu to launch war against Iraq, Iran, and Syria, in pursuit of "greater Israel."

True Graft

Black's empire is for all practical purposes in a kind of receivership, where every transaction will be examined by a Special Committee, set up to "self-police" HII and its affiliates by the Board of Directors. The Committee, formed as a result of stockholders' complaints and suits, has fired and fined some of Lord Black's senior management, and Black himself has resigned as CEO. He remains on as a non-executive Chairman of the Board of HII, and Chairman of its subsidiary, the Telegraph Group. Lord Black still owns HII's parent company, the Toronto, Ontario, Canada-based Hollinger, Inc.

If this appears confusing, the reader has gotten a glimpse of the "smoke and mirrors" that Black created.

Black's management company, Ravelston Corporation Ltd.—through which he exerts his controlling stock over HII—will continue to exist, though Ravelston itself is suspected to be one of the sinkholes into which Black and his top people siphoned off funds in the form of "management fees." Terms of these fees to Ravelston are to be renegotiated on June 1, 2004, by which time there may be little left to manage. However, since 1995, Ravelston has charged \$300 million for its "management" advice.

EIR was the first to point out that "Conrad's 'Black Hole' Puts Hollinger in Red," in a June 13, 2003 article by Michele

Steinberg and Scott Thompson. It was already clear then that the complaints brought by the minority stockholders led by Tweedy, Browne—a company founded by the late Ben Graham (the mentor of Warren Buffett)—and by pension funds, were just the tip of the iceberg. And so far, the Special Committee, headed by former SEC Chairman Richard Breeden, appears to have only looked at “chump change.”

For example, the Special Committee has probed “non-competition fees,” s.o.p. in the media business, which amount to about \$32 million that went into the pockets of Black’s Hollinger, Inc., Lord Black himself, and senior management. They have now agreed to pay back this sum, plus interest, by June 1, 2004. Much more significant is \$200 million from the same deal—part of the sale of \$760 million worth of smaller dailies and weeklies in the United States, purportedly auctioned to pay down Black’s burgeoning bank debt.

However, it now appears that the sale, approved by the “Board of Directors,” was arranged when Lord Black had HII loan money to two companies, Horizon and Bradford Publishing, *in both of which he had invisible stakes*, to purchase at least some of these smaller newspapers. In other words, in a merry-go-round of transactions, Black may have bought his own smaller newspapers, at insider basement prices, using HII’s money, lent to him at companies in which he had a hidden interest.

From Hollinger to Cheney-Gate

The crumbling of Lord Black’s empire is not good news for Perle and his neo-con cabal, lately at the disposal of Vice President Dick Cheney. As chairman of the Defense Policy Board, Perle played a major role in mapping out the wars for Cheney’s preventive nuclear war strategy. And like his liege-lord Cheney, Perle is under investigation for profiteering from his Defense Department connections.

Perle’s protectors were able to arrange a whitewash by the DoD’s Inspector General of Perle’s business deals with companies getting DoD contracts. The IG claimed in mid-November that Perle was exempt from the Federal conflict of interest laws, because he “only worked for eight days,” not the required 60 days in a one-year period, as Chairman of the Defense Policy Board advisory committee. Rep. John Conyers (D-Mich.), who initiated the investigation, called the whitewash “absurd,” especially since the DPB was one of the main planning centers for the Iraq war. Conyers said he was drafting legislation to close the “Perle exception” loophole.

But no sooner was the ink dry on the 20 (out of 31) pages of redactions in the IG’s whitewash, than *another* investigation opened up against Perle. *EIR* has been able to corroborate that one investigation by the Special Committee looking into Hollinger’s murky finances, includes the deals involving Perle. The Nov. 13 and 17 issues of *The Financial Times* report that the investigation of Perle, who is on HII’s Board of Directors, involves 1) how some \$2.5 million were invested in Trireme Partners, a venture capital company in which Perle

is a Managing Partner and Independent Director; and 2) how as head of Hollinger Digital, a now-defunct investment arm, Perle directed \$14 million to Hillman Capital, a venture-capital group controlled by Gerald Hillman—a member of the Defense Policy Board, and Perle’s partner in Trireme.

As first reported in a March 17 *New Yorker* article by Seymour Hersh, Perle, who was then chairman of the Defense Policy Board, held a lunch meeting in early 2002, with two Saudi businessmen—the notorious Iran-Contra middle-man Adnan Khashoggi, and Iraqi-born Harb al-Zuhair—at a restaurant in Marseilles. Perle, according to Hersh’s account, made a pitch to the men to line up a group of Saudi investors, to kick in a total of \$100 million to a security technology firm, Trireme Partners LP, which Perle had set up in November 2001, right after the Sept. 11 attacks.

Hersh wrote, that when details of the meeting reached members of the Saudi Royal Family, “they reacted with anger and astonishment—understandably so. From his power perches at the Defense Policy Board, the American Enterprise Institute, the Hudson Institute, and the media cartel of Lord Conrad Black’s Hollinger, Perle had been waging a kind of one-man war against the House of Saud, practically accusing it of being the hidden hand behind Osama bin Laden, al-Qaeda and the 9/11 attacks. Never mind what former FBI Director Louis Freeh had told *New Yorker* writer Elsa Walsh, in an interview published on March 24, concerning the Saudi Royal Family: ‘From where I sat and from what I knew, al-Qaeda was more a threat to them than to the U.S. . . . [Perle’s] whole focus was on toppling the Royal Family and getting the U.S. forces out of Saudi Arabia. The notion that the Saudis pulled their punches is not consistent with anything I knew or saw there.’ ” It has been alleged that Perle was suggesting the Saudis would get kinder treatment on the issue of terrorism, if they invested in Trireme.

Also on Lord Black’s tab has been another Perle crony, Dr. Stephen D. Bryen, who told a Congressional committee that he was employed by Perle’s Hollinger Digital, before it went defunct, as “Senior Technology Advisor.” Bryen is notorious as the subject of a years-long FBI espionage investigation into his alleged passing of classified documents to Israeli agents in the late 1970s, concerning pending sales of sophisticated aircraft to Saudi Arabia. Later Perle hired Bryen as his aide at the Pentagon during the Reagan Administration. There, both Perle and Bryen became suspects on the “X Committee” list, believed by U.S. intelligence to be part of a “molehill” that steered Israeli spy Jonathan Jay Pollard to documents that he otherwise would not have known about.

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