

## The Frankfurt mafia: Part III

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*To understand the politics in the West German state of Hesse requires Volker Hassmann's expose of the Dope, Inc. networks planted there.*

*In Parts I and II of this series, Mr. Hassmann, who is a European Labor Party candidate for next month's state parliament in Hesse, described how Tibor Rosenbaum and Meyer Lansky, the kings of the Israeli-Swiss narcotics syndicate, set up operations in that West German state and its financial center, Frankfurt. Wilhelm Hankel of the Hessische Landesbank (Helaba) brought his bank into collaboration with Rosenbaum's Swiss-based Banque de Crédit Internationale (BCI). The BCI's collapse in 1974 created a scandal that led to the fall of the Hesse government of Social Democrat Albert Osswald, himself a member of the board of both Helaba and the BCI.*

*This concluding installment investigates the unravelling of that scandal, and points the finger at those organized-crime-tainted individuals who must be put in the docks if the drug traffic is to be wiped out in Hesse. Could it be that these same networks are behind the assassination last year of Hesse Economics Minister Heinz Herbert Karry—an "insider" who was known to oppose certain of Rosenbaum's and Hankel's operations?*

*This article is translated and slightly abridged by Susan Welsh from Neue Solidarität, May 6, 1982.*

And so it happened that a governor of Hesse came to be seated on the board of an international drug bank. Hankel became Vice-President of the BCI Executive Committee; Hessische Landesbank Foreign Department head Karl Claus likewise joined the board, and Credit Manager Wolfgang Wagemann headed up the BCI's credit department. But the most luckless figure was Governor Osswald, who was treated as a figurehead.

The key person was Hankel. He stage-managed trips for Osswald, including trips to Mexico. Osswald didn't need to be bothered with anything, so Hankel assured him; it was all thoroughly planned out. If Osswald would just meet with the local representative of that Geneva bank for a short discussion, then he could devote himself to "the scenic and cultural attractions of the country."

Hankel arranged a trip to New York for the Hesse governor, and a luncheon at the International Monetary Fund—not without reassuring the former stenography teacher that "the conversation will be in German." Some years after the Helaba affair, Osswald was no longer playing the scapegoat whom people could kick around however they chose. He published a list of 19 other members of the Helaba board of directors who had themselves received financial benefits. They had all done the same thing: received more or less "normal" credit under "normal" conditions, just as he had, but "they kicked me in the butt with pointed shoes."

### **Helaba and the BCI**

Helaba's entry into the BCI promised to be lucrative for both sides. The board of Helaba authorized a payment of 450,000 deutschemarks to Rosenbaum to carry out the deal, made via a Liechtenstein broker named Pierre Beckhardt. Rosenbaum received only half of that sum, and nobody knows where the rest ended up. In return, Osswald received 50,000 marks in contributions from Rosenbaum, who treated them as a private gift. Osswald maintained that this was a contribution to the Social Democratic Party—a loan which was paid back. The circumstances surrounding another dubious contribution were never cleared up either, as Hankel wrote to Osswald in the spring: "He [Rosenbaum] is sending a little contribution to your special fund, which you can disburse as you see fit."

There is one thing Hankel and his friends could not be accused of. They could not have known that the BCI, despite injections of liquidity, would crash. Rosenbaum evidently did not let his German friends in on everything. So the crash came, and Hankel swore later on that he "never knew much about the business of the BCI."

A special investigator for the Hesse state parliamentary commission came to the conclusion that the Helaba representatives on the board of the BCI did not have a great deal of influence that would have enabled them "to lessen the evident risks and to shift the business activity of the BCI in the

direction of the activity of a normal bank.” But what if they had not wanted to do that? And what about the Hesse Christian Democratic Union (CDU), whose chairman Alfred Dregger [now a candidate for governor in the fall 1982 elections—ed.] had defended the BCI against attack? The investigatory committee reached the conclusion that there was no reason to accuse the board of making a decision that was “unjustifiable from the banking standpoint[!]” Therefore both the commission report and the CDU motion concerning it had resort to words like “mysterious” and “unfathomable” in order to bypass the real scandal.

Yet financial genius Hankel cost the Hesse taxpayers millions. Between 1973 and 1976, Helaba suffered 3.2 billion deutschemarks in losses, which the state of Hesse had to cover with DM 1 billion and the Hesse savings banks with DM 1.3 billion. Helaba stood on the verge of bankruptcy. The publication *Blick durch die Wirtschaft* commented on Jan. 25, 1975: “The Hessische Landesbank now has to include one-third workers on its board of directors. Cynics say that now for the first time at least the board will include experts.”

What really caused the break-up of the Helaba-BCI axis is still partially unclear. It was not only Rosenbaum’s real-estate disasters that led to the run on the BCI in 1974. It all seemed to begin with worries at Helaba, and Walter Hesselbach of the Bank für Gemeinwirtschaft [West Germany’s trade-union-run bank—ed.] had a certain role to play. Hankel, as chief of Helaba, had acquired from Hesselbach a majority holding in the Frankfurter Investitions- und Handelsbank (IHB) and supposedly only noticed much later that he had gotten a rotten egg. The IHB’s ship was going down, along with two big clients, and there was nothing more that could be done to salvage it. Hesselbach had sold the IHB to his good friend Rudolf Münemann, the financial wizard of the German economic miracle, just as the latter’s star was beginning to sink. Another good friend of Münemann was Leopold Bröker, then president of the Landeszentralbank in Hesse and later Hankel’s successor at Helaba.

It was Bröker and Hesselbach who assisted the unfortunate Münemann, in the end phase of his financial empire, to exit from the stage of high finance. Hankel exposed Hesselbach’s maneuver in foisting off on Münemann a bankrupt bank, in a dossier whose publication Osswald, however, was able to prevent.

In February 1973 Helaba ran into growing difficulties, due to the BCI failures and the IHB takeover. The head of Helaba’s Foreign Exchange Department committed suicide. Hankel left the sinking ship in March 1974, after Helaba had tried in vain to extract itself from the BCI.

Meanwhile Bröker had taken over the leadership of Helaba and the Swiss Banking Commission had promised Rosenbaum a new injection of liquidity. That was in July 1974; on Sept. 10, Hesse Economics Minister Heinz Herbert Karry of the Free Democratic Party resigned his post on the board of directors of Helaba. Bröker and Karry had had a falling

out with each other. Alfred Dregger, the CDU state chairman, stepped in to defend the BCI.

Hesse Governor Albert Osswald was under particular pressure during this hectic period, as Rosenbaum was threatening to leak word of their collaboration to the press if Helaba stopped backing him up. It was soon after the state parliament election on Sept. 24 that Bröker had a fatal heart attack.

Up to this time the full extent of Helaba’s losses was not yet known. On Oct. 6 Claus of the Board of Helaba and the BCI arranged a meeting with Bank Hapoalim [an Israeli bank whose links to the international drug trade are discussed in Part II—ed.] to shore up the BCI.

But in the end this rescue attempt came to nothing. Helaba’s efforts to pull out kindled new anxiety about the creditworthiness of the BCI empire. When clients from the Israel Corporation’s financing scandal began making their way to Frankfurt, Osswald simply gave his shares in the BCI back to Rosenbaum. (Part II described how the Israel Corporation, which administered foreign contributions to Israel, had invested in Rosenbaum’s BCI, causing a scandal. Israeli Foreign Trade Ministry official Michael Tsur, later jailed, was influential with both the Israel Corporation and Wilhelm Hankel—ed.) The Swiss authorities were furious, and demanded that the shareholder with 50 percent of voting rights in the company also take responsibility for the business transactions of the partners. A panic broke out and a run began on the BCI; the bank had to close.

On the eve of the election, Osswald resigned his post as governor of Hesse.

The run on the BCI had taken place during the summer. *The New York Times* already knew about a telephone conversation between French financier Baron Edmond de Rothschild, a factional adversary of Rosenbaum within the Israeli-linked financial world, and one of Rothschild’s business partners in Germany. The partner informed Rothschild that funds from the Israel Corporation had been used for the “BCI, which is in financial trouble.” That business partner was Walter Hesselbach, who thereby contributed his share to raising concern about the BCI.

Was it also Hesselbach who gave the publication *Platow-Brief* a tip about Bröker’s secret plans for injections of liquidity? At any rate, quite a few tips must have been making the rounds at that time, since at that very moment a certain individual drew his assets out of the BCI. The greater part of the BCI’s services had been at the disposal of that man: Meyer Lansky himself.

Dr. Tibor Rosenbaum died in 1980. The BCI had ceased existing as a financial institution. Yet Lansky’s organized-crime syndicate with all its banking networks continued to function. The drastic increase in the drug trade in recent years alone indicates what a volume of funds has to be processed by the international money-laundering apparatus.

Eight years later, many have now forgotten the Helaba affair. That a West German governor sat on the board of an international drug bank whose role had been generally known

since 1967, perhaps should be seen today as just an historical episode.

But organized crime today has at its disposal the same networks and channels of influence that it did at that time. The lessons of the Rosenbaum affair should therefore be drawn, and the clues that have come to light should be investigated further.

### Frankfurt's operatives today

It was no coincidence that Rosenbaum and Lansky were able to lock their operations so solidly into Frankfurt in particular. French author Jacques Dérogy describes Josef Buchmann, Frankfurt speculator and secret king of the district around the Central Station [Frankfurt's drug and pornography center—ed.], as Lansky's outpost after World War II. Like Frankfurt's well-known real-estate king Ignatz Bubis, Buchmann got into the Israeli hotel market early and has been involved in the diamond trade. Both these enterprises overlap historically with the laundering of dirty money from drugs, arms profiteering, and prostitution.

Just how much money could flow through which transactions of these speculators is unknown to the author. What is known is that a number of speculators of Jewish descent in Frankfurt's West End invested enormous sums during the 1960s. It would be illuminating if one could reconstruct today how much came from capital gains and how much from other sources. The Hessische Landesbank was also very much up front during those years in financing these operators. In Buchmann's case no one should think that such assumptions could hurt his reputation. The bordello king of the postwar years is responsible for his own reputation.

Another of the big Frankfurt speculators was banker Ali Selmi, whose sister was arrested in Switzerland with a suitcase full of heroin. Selmi was business manager for Lebanese financier Albert Albela, who also worked for the Casino du Liban, a revolving door for the drug trade in the Middle East with connections to Meyer Lansky's Intrabank. Albela became known in Frankfurt, among other reasons, for his intensive efforts to get the franchise to build the underground garage at the Frankfurt Airport. Here too financial contributions to politicians and their parties were involved. The court proceedings on the dark dealings of the Selmi Bank would fill up several file cabinets.

Another clue leads in the direction of the speculator Georg Wintner, suspected of being an important figure in the circle of organized crime vaguely characterized as the "Hungary Circle," which meets regularly in a Frankfurt hotel. According to *Stern* magazine, Wintner was heavily involved in dealing in fake Italian "old masters." In 1969 he had to leave the Federal Republic of Germany, because he had "miscalculated" in a real-estate investment in Israel and lost DM 2 million. But Wintner had good lawyers, such as Dr. Karl-Heinz Schmitz, whom informed observers believe to be close to the arms and heroin traffic. Schmitz helped him to return to Germany, where he set up a diamond business in Frankfurt.

Investigations are currently proceeding which should indicate to what extent Tibor Rosenbaum was laundering funds of the Hungary Circle.

Since the beginning of the 1960s the heroin trade in Frankfurt, with brief interruptions, has been firmly in the hands of "Israeli gangsters," as Frankfurt Chief of Police Dr. Gemmer once said. A big catch was made in 1973 with the arrest of the heroin gang of "Big Joe" Amiel, who according to Dérogy is part of the Israeli mafia along with Rosenbaum and Lansky. He was detained for questioning and then sent abroad. Other defendants either disappeared mysteriously or "died in prison of drug overdoses." When the son of former Israeli Defense Minister Moshe Dayan popped up as the liaison man in Israel, the judge quietly ended the investigation.

In 1981 a bloody battle raged between rival gangs in the Frankfurt Central Station district. Meanwhile a special commission was set up to find the nerve centers of organized crime. The commission reported that "criminal activities were found which pertain to organized crime, as, for example, power struggles among Israeli gangsters over drug markets." Police Chief Gemmer served notice to the "clever Israeli businessmen behind the drug trade."

It can only be hoped that these initiatives will not be discreetly deflected as were so many others in the past. Organized crime has its own political lobby; that is the lesson of the Helaba-Rosenbaum affair.

And perhaps traces will lead from the dens of the drug syndicate and its financiers to the murder of a politician: Hesse Economics Minister Heinz Herbert Karry. It was he who did not approve of Helaba's dealings with the BCI. As an "insider" to Israeli politics he would certainly have known about Rosenbaum's role.

Should it turn out that Karry, as is suspected, was murdered by the Revolutionary Cells, the successor organization to the Red Army Fraction [otherwise known as the Baader-Meinhof Gang—ed.], then traces would lead to one of the most glittering figures in the tawdry world of Swiss finance: François Genoud, a banker in Lausanne, an old Nazi, and a leading member of the black fascist Malmö International.

Genoud financed from behind the scenes Swiss terrorist Bruno Breguet, who is considered the right-hand man of the notorious terrorist "Carlos," and who pulls the strings of terrorism in Germany. He works with Magdalena Kopp of the Revolutionary Cells, whose group has recently been activated in particular in the Rhine-Main area [near Frankfurt—ed.] and in Switzerland. Genoud's Lausanne Banque Commerciale Arabe (BCA) ran the arms trade between the Casino du Liban, a launching-point for the Lebanese drug trade, and certain French groups.

But in the case of Karry's murder, too, a mantle of silence has fallen. The arm of organized crime is a long one, but it can be cut off once one pulls aside the screen that hides the intrigues of the Rosenbaums and the Lanskys, and exposes the control points of organized crime.