

Bruce Rappaport: the Russian connection

by Jeffrey Steinberg

A recent visitor to the Caribbean British Crown colony of Antigua reported to this author that, at the finest hotels on the island, the overwhelming majority of guests speak Russian as their native language. This visitor, a former Congressional special investigative counsel, aptly characterized Antigua as the Caribbean headquarters of the Russian mafia, where, for many years, Russian crime tsars have found a hospitable climate for their offshore money-laundering activities. Indeed, the Bank of New York scandal has once again cast a spotlight on one of Antigua's most renowned personalities, Bruce Rappaport. The 76-year-old Palestine-born son of Russian Jewish emigrés is, today, Antigua's Ambassador to Russia—despite the fact that he lives in Geneva, Switzerland. Rappaport's Bank of New York-Inter Maritime is in the middle of the \$15 billion money-laundering scandal that threatens to bring down the mafia coterie surrounding President Boris Yeltsin and his daughters, and to short-circuit Al Gore's drive for the Presidency.

A brief corporate history situates Rappaport's role in the money-laundering scandal. In 1966, in Geneva, Rappaport founded Inter Maritime bank. During the ensuing decades, he became a major player in kosher and not-so-kosher business dealings in the Soviet Union, Africa, the Persian Gulf, and Asia (he has never, personally, been prosecuted for any crime).

By the early 1980s, he was also the largest single shareholder in the Bank of New York. According to a *New York Times* account on Aug. 22, it was through Rappaport that the Bank of New York established its channels in post-Soviet Russian banking. Although Rappaport would eventually sell off all of his shares in the Bank of New York, in May 1990 the bank bought a 19.8% stake in Inter Maritime, forging Bank of New York-Inter Maritime as the de facto private banking arm of the New York entity. By 1992, Bank of New York's stake in the joint venture had grown to 28%. Funds later traced to Moscow's crime lords, through Benex Worldwide, into the Bank of New York, first passed through Bank of New York-Inter Maritime accounts.

The current scandal is not the first run-in that Rappaport has had with U.S. prosecutors going after money launderers. Just two years earlier, Federal prosecutors sued Rappaport's bank to recover proceeds from drug traffickers, which were on deposit at the Bank of New York-Inter Maritime branch in Antigua. The case is currently under appeal, after a Federal judge ruled that he did not have proper jurisdiction.

Networks in Ohio

Back in the 1980s, Rappaport was at the center of another drug-money-laundering scandal, involving dirty Ohio banker Marvin Warner. Warner and Rappaport had jointly invaded Antigua in 1981, creating Swiss American Holding Co. in Panama, with Swiss American National Bank of Antigua and Antigua International Trust as two of its subsidiaries.

Warner's own banking empire in the United States stretched from Ohio, his home state, to southern Florida. Things turned sour for Warner, who was Jimmy Carter's Ambassador to Switzerland, when the Drug Enforcement Administration's "Operation Greenback" and "Operation Groper," two early-1980s efforts aimed at cracking down on drug-money laundering by Miami-area banks, turned up evidence that his Great American Bank of Dade County and ComBank were laundromats for Venezuelan and Colombian drug traffickers.

By 1985, Warner's ESM flagship savings and loan in Ohio went belly up, and, two years later, Warner was sentenced to a three-and-a-half-year Federal jail term, which was later overturned. By all accounts, Warner evaded more serious charges through his political connections and his role as the financial "Godfather" of the Ohio Democratic Party. Robert Strauss, a top Democratic fundraiser and George Bush's Ambassador to Moscow, was a character witness at Warner's trial.

Rappaport parlayed his Antigua operations into political protection, buttressed by his close personal friendship with William Casey, President Reagan's CIA chief. He opened the doors of his Antigua banking operations to Iran-Contra figure Elliott Abrams, who provided State Department and Overseas Private Investment Corp. funds to a "retired" Mossad officer, Col. Yair Klein, to create a training base on a former melon farm in Antigua, for mercenary forces out to overthrow Panama's President, Gen. Manuel Noriega.

When the Panama invasion scheme was nixed, Klein's Antigua ventures broadened to include VIP security training for top figures in the Medellín Cartel. His "security" personnel, along with weapons provided by Klein's Spearhead, Ltd., were used in the assassination of Colombian Presidential candidate Luis Carlos Galan in August 1989. When, on Dec. 15, 1989, Colombian Army units raided the Medellín hide-out of Cartel boss José Rodríguez Gacha, they found the Israeli-made weapons used in the Galan assassination, and paperwork tracing the arms back to the Klein Antigua operations, which had utilized the Rappaport banking facilities.

Once again, Rappaport escaped prosecution. This time around, however, the Bank of New York scandal may play out differently.

P.S. More bad news for Gore: One of Marvin Warner's business partners and underlings, James Ruvolo, onetime Democratic Party chairman of Ohio, was recently named as Gore's Ohio campaign director. Is yet another Russian mafia link to the Vice President about to come to light?