

Dirty-Money Scandal Points to Sharon, Mega

by Dean Andromidas

On the morning of March 6, Israeli police raided Branch 535 of Bank Hapoalim, Israel's largest bank, and arrested 22 bank employees and top managers, in what Israeli police are calling the largest money-laundering case in the nation's history. Meanwhile, on the other side of town on March 6, police raided the offices of exiled Russian oligarch Vladimir Guzinsky, in search of incriminating evidence of money laundering. In addition, it was announced that the Israeli Ambassador to London, Zvi Hefetz, Guzinsky's former business partner, will be questioned about his possible role in the affair.

An Israeli economics professor told *EIR* that everyone knew that Branch 535 was one of Israel's top money-laundering centers; "the question is, why does this happen now?" He commented that the targeting by the police of Guzinsky and Hefetz points directly to Sharon. "Hefetz was nominated to become ambassador to London by Sharon," despite the fact that he speaks only rudimentary English, and everyone knows that Guzinsky is close to Sharon. The case exposes to the world the "nexus between crime and politics in Israel."

But there is much more to this than the exposure of Sharon's infinite corruption. An Israeli intelligence source told *EIR*, "This is not a local case but international; it's the biggest development in Israel today."

U.S. statesman Lyndon LaRouche linked the scandal to the imminent collapse of the dollar. Parallel to this dollar collapse, British and Swiss financial sources point to the Bush Administration's blowing up of the Middle East, and certain other developments that have unleashed a major shake-up in international money-laundering centers. When these shake-ups occur, cars blow up, major players are killed, and banks get raided.

A senior City of London source connected the Bank Hapoalim case to the recent assassination of Lebanese Prime Minister Rafik Hariri, saying: "My view on what is happening in Israel and Lebanon is that it has not only a geopolitical dimension, but a financial one. The background to these developments is the fact that Greek Cyprus joined the European Union in May 2004. What has followed is a phasing-out of Cyprus as a financial center for organized crime, drug traffickers, and money launderers, especially the Russian side of this business. Thus, alternative centers have to be found. In the region, Beirut and Tel Aviv become attractive alternatives, which could explain recent events in those two cities."

Hariri's brutal assassination not only doomed the peaceful

resolution of the Syrian-Lebanese crisis, but destroyed Hariri's vision to once again make Beirut the major international financial center, for European and southwest Asian capital, that it had been prior to the civil war of the 1970s and 1980s. In the months before his death, Hariri had travelled to Russia, where he proposed that Russia establish a foreign trade bank in Beirut. He also proposed broad cooperation in gas, oil refining, and real estate projects in Russia, Lebanon, and the rest of Southwest Asia.

If Lebanon descends once more into a civil war, these capital flows, which could have been deployed for real economic development in the region, will instead continue to prop up the doomed "globalized" international financial system.

As for the neo-cons and their financial backers, their policy is to grab the region's oil and natural resources while throwing the entire region into chaos and war. Like one of the crusader states of Venice, Tel Aviv is to become the "globalized" financial center for the region. Lackeys, such as Sharon and Israeli Finance Minister Benjamin Netanyahu, have been only too pleased to comply.

This neo-con policy went into high gear with the naming of Rhodesian-American Stanley Fischer to the position of Governor of the Bank of Israel. A former deputy director of the International Monetary Fund, Fischer is a protégé of the radical free-market Chicago School. For more than 20 years, Fischer has been George Shultz's "economic hit man," tasked with transforming Israel into a radical free-market economy. As deputy director of the IMF in the 1990s, Fischer more than anyone else was responsible for the collapse of the peace process, by imposing radical free-market policies on the region (See *EIR*, Jan.21, 2005).

The Rogues' Gallery Behind Bank Hapoalim. . .

A look at who's behind Bank Hapoalim reveals the rogues' gallery of free marketeers and crooks who are leading this policy, and control both Sharon and Netanyahu.

Bank Hapoalim (BH) is Hebrew for "Workers' Bank," and was part of the Histadrut trade union federation at a time when the Israeli state played a central role in the economy. It was privatized in 1997, when Netanyahu was Prime Minister. A controlling share in the bank went directly to the American financial consortium that directs both Netanyahu and Sharon.

This consortium, which snapped up more than 30% of the shares, was led by Ted Arison, a former gun-runner for Israel before it became a state. Arison made his fortune with his Carnival Cruise Lines, which operates floating casinos. He got help in this project from Meshulam Riklis, another casino operator. Riklis and Arison bankrolled both Sharon's career and his private life. Riklis gave Sharon the money to buy his infamous Sycamore Ranch. As Arison is now deceased, his shares are held by his jet-setting daughter Shari Arison.

The Arison interests are represented by Shlomo Nehama, who is chairman of the bank. Nehama is one of Netanyahu's "unofficial advisors." As one Israeli expert put it, "Nehama is more important than an official advisor; when Nehama speaks, Netanyahu listens."

Arison bought 20% of the bank and tapped his friends from the so-called "Mega Group," which was founded by Charles and Edgar Bronfman, and is comprised of wealthy American Jewish philanthropists who also happen to fund the American political right-wing and right-wing pro-Israel lobby. These include:

- Michael Steinhardt, Mega group member, founder of the LaRouche-hating Democratic Leadership Council, who is the money-bags behind Sen. Joe Lieberman. Steinhardt's father was the bookkeeper of organized crime kingpin Meyer Lansky, for which activity he served time in Federal prison. Steinhardt used his father's seed money to establish a series of enormous hedge funds, which he later sold, allegedly to devote his time to "philanthropy." As owner of the Israeli Maritime Bank, he held a mortgage on Ariel Sharon's ranch, where he is often a guest.

- Leonard Abramson, founder of the HMO U.S. HealthCare. Shortly after Sharon was sworn in as Prime Minister in 2001, Abramson was a guest at Sharon's farm to discuss the launching of a propaganda offensive on behalf of the plan of Israel's warhawks to bury the Oslo accords forever. Shortly after returning to the U.S., Abramson met with fellow Mega members Edgar Bronfman and Steinhardt, after which they launched a major propaganda operation called "Education for the Middle East," also known under the acronym "Emet," which means "truth" in Hebrew.

- Charles Schusterman, founding member of the Mega Group and founder of the Texas oil independent Samson Resources. He was one of the major funders of the American Israel Public Affairs Committee, the right-wing Israel lobbying group that is now under investigation by the FBI for alleged spying. As he is now deceased, his shares in Bank Hapoalim are held by his heirs.

- Lewis Ranieri, who owns 3.4% of the bank, is not a member of Mega and makes no pretense about being a philanthropist. In the 1980s, he was the top dog at Solomon Brothers who invented mortgage-backed securities. He is probably the individual most responsible for the U.S. Savings and Loan bank collapses of the 1980s, and for today's housing bubble, whose collapse threatens to bring down the entire financial system. Ranieri created Bank Hapoalim's New York subsidiary, Signature Bank, using 50 to 60 former managers from Edmond Safra's old Republic National Bank.

- Danny Dankner, an Israeli, is the other major shareholder. The Dankners and their family business empire are among the "robber barons" who have profitted immensely from the privatization of Israel's state sector, through their cronies in the Israeli government, from Sharon and Netanyahu on down. The Dankners also profitted by winning con-

An Outgrowth of 'Operation Spiderweb'?

In June 2002, European police, with the cooperation of the FBI, arrested 50 people in a crackdown on Russian "Mafiya" money laundering, said to involve more than \$500 million, laundered through the Bank of New York into Russian Mafiya accounts all over Europe. The mass arrests were part of "Operation Spiderweb," led by Paolo Giovagnoli, chief investigating magistrate of Bologna, Italy.

Giovagnoli told *Washington Times* reporter P.K. Semler that one of the targets of the probe was Grigori Loutchansky, an Israeli-based Russian Mafiya figure, whose Nordex company was deeply involved in the money-laundering activities. Giovagnoli also revealed that he had in his possession Interpol documents "that state

that Marc Rich was one of the founding partners of Nordex."

The naming of Loutchansky and Rich is of immediate relevance to the current Bank Hapoalim probe in Israel. U.S. intelligence sources reported to *EIR* that the Hapoalim raids were part of the ongoing probe into Likud corruption, including flows of Russian/Israeli Mafiya funds into the party's coffers. That probe was activated at the time of the Likud Party convention, which proceeded the last election of Ariel Sharon in January 2003.

At the time, it was revealed that major conduits of funds into the Likud right-wing, particularly into Benjamin Netanyahu, were none other than Loutchansky and George Bush's second-favorite author (next to the author of *My Pet Goat*), Sharon Cabinet minister Natan Sharansky. While neither Loutchansky's nor Rich's name has come up yet in the Hapoalim probe, one name that has surfaced prominently is that of Michael Steinhardt, who was a long-time close business partner of Rich.

—Jeffrey Steinberg

tracts from Sharon for building settlements in the Occupied Territories.

Financial observers have questioned the fact that only two weeks before the police raided the bank, this consortium sold \$250 million worth of shares in the bank. In fact, since October, these sharks pumped up the stock value by 100% by mobilizing American institutional investors, mostly pension funds, to buy up Bank Hapoalim's stock when the price was very low. The fact that the top management knew that a potentially damaging police investigation was underway, raised more than a few eyebrows in financial and judicial circles.

... And the Russian 'Mafiya'

So far, none of this rogues' gallery, the real crooks, are under investigation; only bank managers, desk officers, other employees, and a few clients have been arrested. Nonetheless, the police have frozen the almost \$400 million held in more than 180 accounts, belonging to 18 customers, which are suspected of being used for money laundering. A total of 200 customers are thought to be involved. Many of the suspects include Russian oligarchs, Russian "Mafiya" kingpins, and Israeli and foreign businessman. France is said to be cooperating fully, and Bank Hapoalim's Paris branch is being targeted by police.

Russian Mafiya money has found a welcome home in Israel for the last decade, finding its way not only into the Israeli banking system, but into the election campaigns of several well-known Israeli politicians.

Commenting on this fact, Guy Rolnik wrote in a March 9 article in the daily *Ha'aretz*: "As the 1990s began, Israel's

big banks discovered a new geographical entity . . . Russia. Every few months, some new Russian celebrity, all Jewish, of course, would visit Israel, bringing tens of hundreds of millions of dollars. The banks didn't pester the dignitaries with questions; they just opened special divisions for Eastern Europe."

The most interesting suspects in this regard are several Russian oligarchs who are living in Israel because there are arrest warrants out for them in Russia and other countries. This list is impressive:

- Vladimir Guzinsky, former Russian media baron and banker. He is wanted by the Russian authorities for fraud and tax evasion. This hasn't affected his business career in Israel, where he owns 30% of *Ma'ariv*, Israel's second largest daily newspaper. His partner is former Mossad agent and Iran Contra-era arms trader, Jacob Nimrodi. Both are good buddies of Sharon and Netanyahu.

- Leonid Nevzlin, who is also exiled in Israel because of a Russian arrest warrant charging him with murder, was a partner in the holding company Menatep with Mikhail Khodorkovsky, the former head of Yukos oil, who is now on trial in Russia, where he is accused of serious financial crimes. Nevzlin's other partners, Vladimir Dubov and Mikhail Brudno, are also charged with financial crimes and are living in Israel.

- Arcadi Gaydamak is a Russian-Israeli who is wanted by the French for fraud. He made his fortune in the arms business, especially in Angola.

Where will the investigation go? Authorities are hinting that at least one other bank is under investigation.