Book Review

Another Skeleton in Dick Cheney's Closet

by Stuart Rosenblatt

Metal Men: How Marc Rich Defrauded the Country, Evaded the Law, and Became the World's Most Sought-After Corporate Criminal
by A. Craig Copetas
New York: HarperCollins, 2001
224 pages, paperbound, $13

In 2001, following the foolish pardon extorted from President Bill Clinton, for gangster Marc Rich, Craig Copetas reissued his 1985 exposé of Rich. Despite the fact that much of the material is nearly 20 years old, the book provides a useful look at a man whose rise to power coincides with the economic collapse of the nation and the transformation of the Democratic Party into a pawn of Sen. Joe Lieberman's Democratic Leadership Council (DLC) fascists—the group linked to Rich and his business partner Michael Steinhardt. The fact that this criminal cabal is the main obstacle blocking Lyndon LaRouche's campaign for the Democratic Presidential nomination, makes it an urgent matter to bring Rich's sordid story to the light of day.

As he was leaving office in January 2001, President Clinton was prevailed upon to pardon Rich of charges ranging from tax evasion and racketeering, to trading with the enemy (Iran). The gang that strong-armed the President to issue the pardon was headed up by Lewis Libby, Rich's longtime attorney and business partner, who is now Vice President Dick Cheney's chief of staff; it also included Jack Quinn, Al Gore's attorney; then-Israeli Prime Minister Ehud Barak (who telephoned Clinton three times on behalf of Rich); former director of the Israeli Mossad Shabtai Shavit; Rabbi A.I. Kook, a ringleader in "Temple Mount" operation in Israel to ignite religious war; Anti-Defamation League National Director Abe Foxman; and DLC co-founder Michael Steinhardt, whose family is tied to Meyer Lansky, Jewish underworld, and the murderous Likud government of Ariel Sharon. The arguments ran the gamut from Libby's preposterous assertion that Rich was totally innocent of all criminal charges, to the absurd Israeli intervention that Rich was a generous philanthropist who had ensured the success of Bill Clinton's peace plans.

As we shall see, the criminal conviction only scratched the surface of Rich's actual crimes.

A storm of protest followed President Clinton's issuance of the pardon. He had been set up, as LaRouche recently observed, by Lewis Libby, Cheney's henchman, to ruin his own credibility upon leaving office.

Money-Bags for the Oligarchy

Today Marc Rich is a conglomerate, probably doing over $10 billion annually in a variety of legal and illegal businesses. As Copetas demonstrates, Rich has always been much more than a financial empire; politically, at the level of governments, he functions as an international fixer, in the tradition of Armand Hammer and Harry Oppenheimer. He is both a gangster, asserting massive control over dirty-money mafia operations in Russia, the United States, and Israel, and a "legitimate" businessman, conducting transactions with the U.S. government itself, even after his conviction!

Rich, like his father, made his mark as a metals trader. "Metal men," as Copetas colorfully describes them, live in the shadows. They don't need licenses, they are only loosely regulated, and they move all the key metals used in industry and arms production worldwide. It is a ruthless business, integrally tied to the intelligence community, rife with violent machinations. They have a stranglehold over governments, determining who does and does not receive vital raw materials. Rich became the chief "capo" over all the metal men and their minions, and it was not done by gentle persuasion.

Rich's rise to the top earned him two colorful epithets: the "Matador," who could slay bull markets better than anyone; and the "Prince of F—ing Darkness," for his less genteel qualities. He was regularly referred to as the head of the "Inner Circle" and the boss of the "Jewish Mob."

Rich was born Marc Reich, the son of commodity trader David Reich, in Antwerp, Belgium in 1934. The family fled the Nazi takeover in Germany, lived for about ten years in Belgium, and then moved to the United States in the early 1940s. David Reich had been initiated into the secretive diamond-trading circles of Belgium, and upon arrival in the United States, opened a costume jewelry store in Kansas City. He travelled back to New York later in the '40s, and went into the burlap bag and overseas trading business. A millionaire by the '50s, Reich, now Rich, had extensive dealings in Bolivia, and was involved in starting two projects: Sidec Overseas and the American-Bolivian Bank. Heavily involved in commodity-trading ventures, David Rich ushered his only son Marc, an ambitious, quiet young man, into the business. Marc Rich joined the powerful international trading firm Philipp Bros. in New York in 1954, and quickly climbed up the ladder.

Philipp Bros., better known now as Phibro, is an integral

Marc Rich heads an "octopus" of political dirty tricks and organized-crime operations, which led to his criminal conviction and exile in Switzerland. He was pardoned by President Clinton, just before Clinton left office.

Abe Foxman, national director of the Anti-Defamation League of B'nai B'rith, who joined the international lobbying effort to convince Clinton to pardon Rich.

Lewis Libby, chief of staff to Vice President Cheney, was Marc Rich's attorney for 18 years, who secured Rich's pardon from Bill Clinton.

Michael Steinhardt, Wall Street speculator and a founder of both the Democratic Leadership Council (DLC) and the Mega group of Zionist billionaires.

Boris Berezovsky, the Russian oligarch and business partner of Rich, who has been accused of laundering $9 billion in "mafiya" money between the United States and Russia.

part of the conglomerate identified by *EIR* as Dope Inc.[1] In the '50s and '60s, Philipp Bros. was the largest metals-trading company in the world. Heavily interfaced with the U.S. Office of Strategic Services (OSS) during World War II, Philipp Bros. branched out afterwards and had 50 offices around the world by the 1950s. In the early 1960s, a series of mergers and acquisitions was orchestrated by leading Anglo-American oligarchical families at the heart of an illegal drugs-money-arms network, and Philipp Bros. was rebuilt.

Ludwig Jesselson of Philipp Bros. engineered a deal to merge Philipp with Minerals and Chemicals Corp., the producer of kaolin, a catalyst that breaks down heavyweight oil into plastics and gasoline. The brains behind the merger was André Meyer, boss of the European oligarchical bank Lazard Frères, a company directly linked to the Synarchist movement of the past 100 years—the same grouping that launched both the Communist and Fascist movements in the 20th Century.

Immediately following the merger with Minerals and Chemicals, the entire conglomerate was hooked up to Engelhard Industries, the largest refiner and fabricator of precious metals in the world. Twenty-two percent of Engelhard was held by Harry Oppenheimer, the South African oligarch who owned Anglo American Corp. mining company, which among other things, controlled 25% of the gold in the non-Communist world. Oppenheimer at that time accounted for half of South Africa's exports and half the value of the stocks traded in Johannesburg. The deal allowed Philipp to market South African metals worldwide.

To complete the action, Oppenheimer created a Bermuda holding company, Minorco, in league with Citibank chief Walter Wriston, which enabled Oppenheimer to move his

1. *Dope, Inc.: The Book That Drove Kissinger Crazy* (Washington, D.C.: Executive Intelligence Review, 1992).

money into the United States and become the leading foreign investor there. According to Copetas, Oppenheimer was involved in everything from Appalachian coal, to Arizona copper, Iowa fertilizer, and California gold. The financial end was further expanded when Phibro acquired Salomon Bros., later the original derivatives speculator.

The entire operation grew enormously in the speculative commodities bubble of the 1970s. Engelhard Minerals and Chemicals' revenue grew from $1.4 billion in 1967 to $10.2 billion ten years later, and 90% of the income was earned by the commodity traders controlled by Jesselson at Philipp Bros.

This was the climate in which Marc Rich made his "mark." Rich joined Philipp Bros. as a trader and cut his teeth in the 1950s in South America, notably Cuba. It was here, shipping Cuban nickel and copper out of the country, that Rich got into the real world of commodity trading, by offering and taking bribes of all sorts, to move the goods. Everything was for sale in the island paradise controlled by Meyer Lansky's mob, and Rich doled out money like water.

After striking it "rich" in that area, he was shipped off to Spain to run the Madrid office of Philipp, and moved into oil trading. Philipp had never traded in oil, only precious and industrial metals, and Rich was the pioneer. It was on Rich's watch that Philipp invented the spot market, where oil could be brokered at a market price, the spot price, by middlemen such as Rich, to countries or oil companies. Thanks to Rich, by the early '70s, nearly 50% of Philipp's revenue came from sales of oil.

From 1971-73, as LaRouche has written, a phase change occurred in world politics and economics. Following the cultural paradigm shift of the 1960s and the Indochina War buildup, the Anglo-American oligarchs decoupled the dollar from gold in 1971, and the oil and commodity shortages of the early '70s followed. This collapsed the post-war Bretton Woods system of Franklin Roosevelt, and initiated the global free-trade gambling casino of the last 30 years.

For scoundrels like Rich, the shift to global deregulation was like Heaven on Earth. Commodities traders, like derivatives dealers, are Armani-tailored gangsters. They thrive on uncontrolled, destabilized markets, playing differentials in prices, so-called spreads, as the basis for their speculative ventures. Rich, a compulsive gambler/gangster, was the best in the business.

From Rackets to Rich

Rich broke with Philipp in early 1974, allegedly over his demand for an increase in his own money from Jesselson. He quickly launched a metals-trading firm, ostensibly with funds provided by the American-Bolivian Bank, a $1 million cash injection from Philipp trader Jacques Hacheul, and an agreement with Iranian Senator Ali Rezai to channel lucrative oil deals Rich's way.

Setting up shop in Zug, Switzerland, Rich quickly expanded to London and New York. He engaged in all kinds of hedging operations, metals trading, and oil brokering. He secured a continuous flow of Iranian and Nigerian oil which he exchanged for metals, guns, and whatever the market would bear. He bought Nigerian Bonny Light Crude oil and turned around and marketed it to the apartheid government of South Africa. He bought Iranian crude and sold it to Israel. He bought guns on the black market and sold them to Ayatollah Khomeini's Iran during the early 1980s.

When the United States declared that Iran was off-limits to U.S. trading, Rich became the only oil trader in Iran, and, according to Copetas, would pay Khomeini $20/barrel, when the world spot price was $40. He would resell at a handsome profit, and turn around and deliver military hardware to the regime. Rich sent small arms, automatic rifles, and hand-held rockets into Iran, shipped across the Indian Ocean from Thailand, and through the Suez Canal from Spain.

The Bigger Picture

Although Copetas does an admirable job in exposing Rich's operations in the Iran-Contra spiderweb, he misses the larger operations that centered around Rich. As *EIR* exposed in a landmark Special Report in 1988, *The Kalmanowitch Report: Moscow's Moles in the Reagan-Bush Administration*, Rich was in the very middle of the global arms-trafficking, drug-running, U.S.-Soviet-Israeli cabal that wreaked global havoc in the 1980s. Just to summarize a few salient points of that exposé: Rich was a business partner of Shabtai Kalmanowitch, the double agent for Israel's Mossad and the Soviet KGB, connected to the U.S. circles of Jonathan Jay Pollard, a U.S. citizen convicted of spying for Israel in 1985. The key meetings sealing the deals between the U.S. National Security Council and the Soviet GRU (military intelligence) were conducted in the 1980s in Rich's Stamford, Connecticut offices. This arrangement created, among other things, the "second channel" through which Soviet bloc arms were trafficked into Ibero-America and the Middle East, an arrangement dubbed Irangate. A key operative in this network was Solomon Schwartz, who worked jointly with Rich, Kalmanowitch, and the National Security Council's Lt. Col. Oliver North.

One of the most important functions that Rich played in this period was facilitating the move of the oil giants into metals investing and trading. Previously the oil companies had engaged strictly in petroleum control, but from the advent of the Organization of Petroleum Exporting Companies (OPEC) in the 1970s, and the ensuing market instability, they moved into other areas.

Pleading to the public that they needed to expand oil exploration, the Seven Sisters oil companies used their enormous profits of the 1970s both to bail out Wall Street, but also to buy into metals and minerals, a $10 billion per year operation in the United States, alone, in the late 1970s. Exxon invested $1 billion in Chilean copper mining, Arco spent $700 million for Anaconda, Sohio bought a large chunk of Kennecott Minerals, and so forth. In these and many other cases, the middle man who handled all deals and development was Marc Rich.

One of Rich's key operations was based in the Soviet Union. He became the go-between from Moscow metals operations to the West. Rich was a major purchaser of Soviet-produced titanium, lithium, cadmium, and other platinum-based metals used to manufacture sophisticated weapons and computer systems. In return, the Soviet government got hard Western currency. By 1983 Rich became the leading marketing agent for oil and mineral products of Almazuvelireksport (precious metals), Raznoimport (nonferrous metals), and Techsnabeksport (rare metals).

In 1980, Raznoimport executive Yuri Igorov, already on the Rich payroll, became the public go-between who retained Rich to set up the first Russian trading operation outside of Moscow, in London. Rich's links to what became known as the Russian "Mafiya" were cemented from that period to the present.

Among Rich's many shady ties to Russia, were his business dealings with Armand Hammer, the agent-of-influence of the British-steered intelligence operation known as The Trust.

Rich's companies, onshore and offshore, netted huge profits. From a modest $14 million in 1974, they jumped to $367 million in 1979, and this only for the money deals through Switzerland. Tax evasion was merely stock in trade for the master con artist. His favorite haunts were Panama, the Caribbean, and Switzerland, and he controlled dirty-money movements worldwide.

By 1980, the entire Rich empire, according to Copetas, had a net worth of $1.5 billion, $12 billion in annual sales, 40 offices in 30 countries, 1,000 or more employees on the payroll, and $800 million in liquid cash flowing through his companies on any given day. Approximately 48 companies, from Liberia, to Switzerland, to the Netherlands Antilles, were controlled by Marc Rich.

By 1982 he sold more oil per year than Kuwait, more copper than Chile, and more grain than North and South Dakota.

The company sanctioned all forms of illicit behavior to "do a deal," Copetas reports. He devotes one chapter to the wild parties and bribes regularly dished out by Rich's younger traders, and another chapter to the gangland-style slaying of one of Rich's top representatives, Edmond Mantell. Mantell, Rich's man in Bangkok, was brutally executed, allegedly for crossing Rich in a botched arms deal in 1982. While no proof existed linking Rich to the crime, no one "in the know" doubted Rich's culpability. Copetas reports on the chilling effect the murder had on all others who were considering double-crossing the head of the Jewish mob.

Fugitive in Switzerland

In the late 1970s, Rich and his cohort Pincus Greene went into the domestic oil business to exploit the discrepancy in pricing structures and supply. Following the crises of the early '70s, the rigged shortages, and embargoes, a threefold pricing structure had been created in the U.S. market. The new Department of Energy (DOE) created three groupings of oil—old, new, and stripper—and controlled the price and allocation of each. Old oil being pumped from pre-1972 wells had the lowest price; new, pumped since 1973, a higher price; and stripper, that is oil pumped from new wells in small amounts, the highest price.

Well before Rich's entry to the market, other thieves figured out a procedure called "daisy chaining," whereby a creative businessman could sell cheap, old oil, up the chain, remark the labels at the higher prices and make a killing. By the mid-'70s, old oil, priced at $6 per barrel, was being resold at upwards of $30-40 per barrel. The scam became so massive that the DOE estimated that from 1973-81, over 400 million barrels of old oil had disappeared from the government accounting system and was snaking its way through various daisy chains.

The prospect of missing out on such a swindle was too much for Rich, who entered into a series of complicated deals with a group of Texas oil men. The principals in the operation included Arco Oil Company, West Texas Marketing, a non-existent front called Listo Petroleum of Houston, and Banque Paribas of France, which supplied the credit lines. Paribas, a European oligarchical bank enmeshed in the old Venetian financial circles, was Rich's chief source of credit in all his commodity deals. Among the clients of Rich and West Texas was Charter Oil, the Armand Hammer-linked outfit that later figured in Rich's indictment.

In the end, West Texas, with Rich as its main partner, made over $2 billion a year (1979-81) and Rich was responsible for 10% of its sales. However, the Justice Department indicted the principals at West Texas for a previous scam, and the West Texas boys ratted on Rich when asked to cooperate with Federal prosecutors.

A grand jury was convened against Rich and his entire enterprise in January 1982. He spent the better part of 18 months fighting the government, hiring legions of lawyers to stonewall the prosecutors. The Swiss and the Soviet governments weighed in on behalf of Rich to protect both their interests, and the vast networks that had been spawned to carry out Rich's deals.

The legal teams, stalling to prevent Rich from having to hand over all his private papers, were comprised of some of the most prestigious operators in the game. His first lawyer was the Washington fixer and insider Edward Bennett Williams, who was then joined by the likes of Proskauer, Rose, Goetz and Mendelsohn; Arnold and Porter; Curtis, Mallet-Prevost, Colt and Mosle; Kramer, Levin, Nessen, Kamin and Frankel; Michael Tigar; and Leonard Garment and Lewis Libby, now Dick Cheney's chief of staff. Libby would be Rich's attorney for 18 years, and was the lead counsel in gaining Rich's pardon.

To divulge the vast amount of information, deal-making, criminal activity, and intelligence operations tied up with Rich was out of the question. During the grand jury investigation, Rich was slapped with a $50,000 per day fine for failing to turn over evidence. This was a fine he gladly paid, coming to well over $20 million; as an associate admitted, he stood to lose well above that amount, were he to hand over the evidence.

He was eventually indicted on 51 counts of racketeering, mail and wire fraud, tax evasion ($48 million, a mere pittance), conspiracy, and trading with the enemy (Iran). Included in the indictment was the interlocking oil trading and money laundering with the mischievous Armand Hammer-affiliated Charter Oil Co.

In March 1984, the government was "persuaded" to drop the charges against Marc Rich International of trading with the enemy, during the Iran hostage crisis. This may have been the result of leaked reports that Henry Kissinger had partnered with Rich in at least some of this dirty business.

Finally, rather than continue to hemorrhage money, Rich settled with the government, never admitting personal guilt, but having Marc Rich AG, Marc Rich International, and his front firm Clarendon Ltd. plead guilty to 38 counts of tax evasion, $50 million in illegal oil profits, and making false statements to the U.S. government. Rich paid $340 million in fines, and including lost revenue, interest, and assorted other charges, it cost him $1 billion to get the government off his back.

He took up permanent residence in Switzerland, and obtained Spanish and Israeli citizenship to guarantee various getaways. His partner, Pinky Green, also fled, and added Bolivia to his itinerary of escape hatches.

Postscript

But now, the noose has begun to tighten around Rich. In June 2002, European prosecutors cracked down on Russian mafia money laundering between Italy, Russia, and New York. Magistrates in Bologna said that Marc Rich's name repeatedly surfaced in the probe, Operation Spiderweb, which had been carried out by Swiss, other European, and American police forces. Spiderweb was born in 1999 and delved into illegal money laundering from Russia to various offshore companies and shells and into and out of the Bank of New York. Fifty people were arrested and 150 were put under investigation, including Rich, as part of the probe.

What threatened to emerge were Rich's ties to Russian and Israeli organized-crime operations, including companies named Nordex and Benex. Among the individuals named were Grigori Loutchansky, whose Nordex company has been linked to Rich.[2] Loutchansky is a suspected boss of the Russian mob. Rich is also said to be a partner in Loutchansky's Benex company, and another front company, Kama Trade. The entire apparatus is part of Boris Berezovsky's operation in Russia, which is accused of laundering $9 billion in "Mafiya" money between the United States and Russia.

Over the past two years, Rich's name has surfaced in connection with organized crime's interference in the Israeli elections. He and business partner Michael Steinhardt played a pivotal role in defeating Labor Party candidate Amram Mitzna in the Jan. 28, 2003 elections. They backed gangster and Likud party thug Ariel Sharon instead.[3]

Rich also is mentioned in Israel in conjunction with the activities of the Birthright Israel group, of which he is a board member, and the Chernoy Foundation. Mikhail Chernoy and his brother Lev, have been linked by investigators, according to *EIR*, to the Russian Mafiya of Berezovsky, Loutchansky, and others, and ultimately to the deep pockets of Marc Rich. These companies and foundations are believed to be conduits for Israeli, American, and Russian dirty-money operations that both run terrorism and maintain Sharon's brutal operations against the Palestinians.

President Clinton was set up by Cheney henchman Lewis Libby to pardon Marc Rich. Isn't it about time the Democratic Party and the nation wised up, and cleaned out Rich and his gangster cronies?

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2. Jeffrey Steinberg, "Sharon and His 'Mafiya' Allies Plot Israel Election Theft," *EIR*, Jan. 10, 2003.

3. Scott Thompson and Jeffrey Steinberg, "Are Dirty Mega-Bucks Behind Sharon's Bid To Steal Israeli Elections?" *EIR*, Jan. 31, 2003.