

# 'Locust' Lone Star Belongs to Texas Circles Backing Bush

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The American private equity firm Lone Star, and its associated mortgage banking broker, Hudson Advisors, are now in the process of taking homes away from thousands of Germans, using methods that have nothing to do with the original conditions under which the mortgages were taken. According to *Der Spiegel* magazine, the methods by which these robber capitalists demand usurious interest payments, forced sales, and "for 35,000 euros destroy my life," as one victim charged, are in all probability illegal, and in any case, absolutely inhuman. It is scandalous, but not surprising, that Lone Star and Hudson Advisors are connected to financial circles in Texas around the Bush family.

When the Hypovereinsbank's Hypo Real Estate sold the debts of thousands of homeowners to Lone Star in 2004—upwards of 250 billion euro of such contracts were sold to private equity firms in total, in this period—Hypo delivered its former customers to one of the most rapacious and unscrupulous hedge funds. The victims were in the dark, and after the expiration of German law's two-year period of protection, Lone Star and Hudson Advisors forced through interest rate increases up to 50%, in an attempt to force court auctions and the expropriation of the houses.

Affected are thousands of homeowners and small investors in the western states, and even larger numbers in the former states of East Germany. Hudson Advisors, which, according to *Spiegel*, does "the dirty work" for Lone Star, proceeds with this task like berserkers. They exploit the legal naïveté of their victims or their lack of financial resources to hire expensive lawyers, to seize bank accounts and to send court officials for the forced expropriation. Before a legal battle can be carried out, the damage has long been done, the house sold, and the *Heuschrecken* (locust) fund has moved on.

The German head of Lone Star, Karsten von Köller, former president of the German Association of Mortgage Banks, described the business methods of the equity companies, in a speech last year in Frankfurt on Main: "The caravan moves on after a 3-4 year phase of workover," he said.

In fact, during the 1990s in the United States, Lone Star made double-digit profits on bad debts, and then moved on to Japan and South Korea, and later to Germany, where it is now plundering property owners. That usury and forced sales are

not enough for these financial sharks, was shown in South Korea, where the head and founder of Lone Star, John Grayken, felt obliged to pay reparations of \$100 million won for the fact that the former manager of Lone Star, Steven Lee, engaged in million-dollar frauds and tax evasion, for which a security sum of \$750 million won has been deposited until the final volume of the tax fraud can be established.

Grayken denies the charges of South Korean investigation officials that, in the course of the sale of the Korea Exchange Bank and the Kookmin Bank, Lone Star had falsified documents. Lone Star arrived in Korea with other funds during the Asia crisis of 1997-98, and engaged in the purchase of troubled firms for fire-sale prices, and then resold the firms for high profits. Thus, in Korea alone, Lone Star made a \$4.4 billion profit, which incensed the population, especially because Lone Star also avoided paying taxes by using "subsidiaries" in tax havens.

"The public rage is so great, that the current government could be driven from office if it doesn't find a way to collect the taxes," according to Professor Chun Sam Huyn of the Soongsil University, in a recent interview. The next Korean Presidential election takes place in 2007. Grayken managed to get a foretaste of this rage when he left the press conference where he announced his reparations-payment. Twenty union members from the Korea Exchange Bank greeted him outside with the chorus: "Let us destroy the foreign vulture funds!" Their plaquards announced that Korea will not accept the "pocket change" of Grayken's donation to buy off the investigation.

## What Is Lone Star?

Lone Star and Hudson Advisors have their offices on the 21st and 22nd floors of the an office building in Dallas. According to *BusinessWeek*, founder John Grayken is a protégé of Texas billionaire Stephen Bass. The Bass brothers belong to the Bush league in Texas and, just to take one example, financed the oil drillings of George W. Bush in Bahrain. The chief Bass money manager, until he went off on his own, was Richard Rainwater, one of the investors in the Texas Rangers, along with George W. Bush. When Rainwater became manager for the Bass brothers in 1970, they had an inheritance of \$50 million; when he left the post, their worth had climbed to \$4 billion.

Equally profitable for George W. Bush was his coopera-

tion with Rainwater in the Texas Rangers, which brought him \$15 million. When Bush was elected governor, more than 60% of his income came from businesses where he and Rainwater were partners, according to his 1994 financial disclosure statement, as reported by the Center for Public Integrity. One of Rainwater's first ventures after leaving Bass Enterprises was the creation of Columbia/HCA, the notorious health maintenance organization (HMO).

Lone Star is currently the market leader of equity companies in Germany, whose core expertise, according to *Spiegel* is to "cut out the filet pieces, break off, squeeze, and sell off." The Hypovereinsbank was involved in the sell-off of credits, as well as of the Berlin Bank Society. Average profit margins of 22% on the buyer side have in turn drawn in others, like Crédit Suisse, Goldman Sachs, Deutschebank, and Commerzbank.

The attack of Lone Star and Hudson Advisors upon thousands of homeowners is but a part of the attacks on real values in Germany, by which similar Locusts eat up anything they can bring into their grip: *Mittelstand*/mid-sized companies, public housing, pension funds, private health insurance, municipal infrastructure (electrical, water, sewage, garbage dis-

posal), and even publicly owned castles.

Behind these attacks are Synarchist financial interests, who grab these real values, using public relations slogans like "Public Private Partnership," with the guaranteed result that the costs to the public will rise massively, and the life expectancy of the lower 80%, the forgotten men and women, will be shortened. Privatizing everything is a step back to feudalism, prior to the establishment of the nation-state and its defense of the common good.

And why do the parties in the Bundestag permit this unprecedented rape of the public welfare? Why do they pass laws which in fact encourage such theft? The answer is not so difficult. When Hudson Advisors bought the real estate mortgages in 2004 from the Hypovereinsbank, they were advised by the U.S. law firm, Mayer, Brown, Rove, and Maw, which recruited CDU politician Friedrich Merz to the firm the same year.

The deals of the Berlin Bank Society supposedly won't play a role in the coming Sept. 17 elections to the Berlin state government, at least according to the common opinion of those represented, from the Christian Democratic Union (CDU) to the Left Party. The Büso, is of another opinion!

## Behind the Texas Locusts

Lone Star was founded in 1996 by John Grayken, a protégé of Texas billionaire Robert Bass, one of the Bass brothers of Ft. Worth. A quick look at the Bass family milieu provides a snapshot of the synarchist nest which has played a role in controlling the Bush family, as well as the political right-wing in the United States.

The Bass family inherited its money from their uncle, Sid Richardson, the "bachelor billionaire," and then used their talents to expand that inheritance several times over. Richardson was a real piece of work, part of a network of right-wing kook oilmen who funded Joe McCarthy and his "anti-Communist" witchhunt, the John Birch Society, and, according to some reports, the American Nazi Party.

Richardson and his buddy Clint Murchison were among the people who funded Permindex, the synarchist assassination bureau behind the murder of John F. Kennedy. The manuscript "Nomenclature of an Assassination Cabal," published under the pseudonym William Torbitt, identified Clint Murchison and "John Connally, as the executor of the Sid Richardson estate," as among the "principal financiers of Permindex," along with oilman H.L. Hunt, Schlumberger chief Jean de Menil, Brown & Root founders Herman and George Brown, mob lawyer and McCarthy aide Roy Cohn, and others. Connally, later a Governor of Texas and the Treasury Secretary when the

U.S. government opened the door to the barbarians by taking the dollar off gold in 1971, was, with de Menil, a member of the infamous Tryall club in Jamaica, founded by intrepid British intelligence agent William Stephenson.

That such a collection of nasties would be found in Texas is lawful, given the state's status as a virtual colony of the Anglo-Dutch imperium, dating back to the days of the founding of the King Ranch, the fascist political operations of the infamous Col. E.M. House, and the geopolitical colossus known as the London-centered oil cartel. The King Ranch and its adjunct, the Armstrong Ranch, have played host to some of the best-known oligarchs in the world, such as Britain's Prince Charles, and some of the most powerful, such as the late Johannes von Thurn und Taxis, a Prince of the Holy Roman Empire, whose family is the hereditary head of Venetian intelligence. The Ranch's resident spook (and former U.S. Ambassador to Britain), Anne Armstrong, played a major role in the rise of the Texas Republican Party and the political career of George H.W. Bush. It was at the Armstrong Ranch, not coincidentally, that Vice President Dick Cheney mistook his hunting partner for a quail, and it was former Halliburton director Armstrong and her daughters who decided to release the information to the public, well after the fact.

This synarchist cell, steered by the oligarchy's private intelligence apparatus and funded by the oil cartel, is what created the right-wing nuts like Sid Richardson as a political force, and what is behind the Texas locusts.

—John Hoefle