
BANKING

Sterling National's unsavory history

by Leif Johnson

Sterling National Bank and Trust Company, recently sued by the Italian government for aiding and abetting mobster Michele Sindona's looting of the now-defunct Banca Privata Italiana (BPI), is also the defendant in two other New York fraud cases involving the draining of assets from corporations.

In the first of the two suits filed in Federal Court in New York, the plaintiff, Daniel Meister, charged that Sterling aided Marvin Tallerman, head of Latin American Resources, to steal \$900,000 from the company through a New Jersey dummy corporation into Sterling Bank. Sterling, the suit charges, then conduited the funds into Swiss and Panamanian banks while Latin American Resources was allowed to collapse.

In the second suit, David Haber, an investor in the bankrupted Investors Funding Corporation, charged that Sterling, together with the Israeli Discount Bank, Union Bank of California, Barclays, Chase, Chemical, and the Trust Company of New Jersey artificially kept Investors Funding Corporation alive while funds were drained to defraud the investors.

These two suits are similar to the most recent charge filed by the Banca Privata Italiana liquidators and the Italian government. The Italian suit describes how mobster Sindona allegedly diverted \$27 million from the BPI through dummy corporations to purchase shares in the Sterling Bank-connected Talcott Corporation, a New York-based company which like Sterling is heavily involved in "factoring" in New York's garment district. Factoring is lending at exorbitant interest against accounts receivable, a preferred occupation of the mob that controls the district.

Months after Sindona's Franklin National was publicly known to be bankrupt (and days before it was officially declared insolvent), three weeks after Sindona's West German Bankhaus Wolff was put in liquidation, and one day before the BPI was declared insolvent, Sterling Bank loaned Sindona \$2.5 million on the security of Talcott shares which Sindona had obtained with the \$27 million drained from BPI.

The Italian suit makes special note of the fact that the former BPI liquidator was murdered. It states: "The initial liquidator of BPI, Giorgio Ambrosoli, was murdered in July 1979. In or about July 1981, a warrant of arrest for the murder of Ambrosoli was issued against Sindona by the Inquiring Judge of Milan, in the framework of the penal proceeding commenced in Milan in or about 1980 against Sindona and another."

In the summer of 1981 the Italian government began their policy of "squeezing" known mob bankers, including their Swiss protectors, to crack the drug and terrorism apparatus run by the Venetian-Sicilian-Swiss mafia. This "squeezing" resulted in the successful liberation of General James Lee Dozier from the Red Brigades.

Sterling's shareholders and officers

The suit against Sterling is seen as an Italian move against the strong mafia connections in New York and the financial interests and persons "above suspicion" there. One of the first to run from the light has been the Anti-Defamation League (ADL), whose former Treasurer and Chairman is Theodore H. Silbert, Chairman of Sterling Bank.

The ADL has defamed Lyndon H. LaRouche, Jr., the 1980 Democratic presidential candidate, as "anti-Semitic" since 1978, when LaRouche commissioned *Dope, Inc.*, the book that demonstrated that the world drug empire is run by top-level banks and distributed in part by syndicates run by the Jewish mob.

Recent investigation has uncovered further mob connections to Sterling Bank. According to a banking source, the current largest shareholder in Sterling is Ronald Perelman of Forbes-McAndrews, a privately held corporation doing \$200-\$300 million worth of business yearly importing jewelry from the Far East. Perelman obtained his 8.9 percent share by purchasing Trafalgar Industries, a \$15 million-a-year manufacturer of pinball and coffee-vending machines. Trafalgar's counsel is Paul, Weiss, Rifkind, Wharton & Garrison, whose senior partner, Simon H. Rifkind, is on the board of Sterling.

Trafalgar has on its board Irving M. Felt, a former Sterling director and Chairman of the executive committee of the Plaza Hotel Corporation. Felt has been Chairman of the Arlington Park Race Track, Washington Park Race Track, Roosevelt Raceway, the New York Knickerbockers, New York Rangers, the Federation of Jewish Philanthropies, and Madison Square Garden.

Another director of Trafalgar is Louis L. Geller, Chairman of Reinfeld Distributors, the liquor dealers who inherited the connections of the 1920s Reinfeld Syndicate gangsters. The syndicate was half-owned by the Bronfmans, and originated much of Joe Kennedy's bootlegging.