

# The Eagle Star battle

*Allianz Versicherung and its financial backers in Nazi International circles want to enlarge their control over Dope, Inc., reports Laurent Murawiec.*

A \$1.5 billion battle is under way in the City of London for control over the fifth largest British insurance company, Eagle Star. To a first takeover bid of £692 million launched by 30 percent shareholder Allianz Versicherung of Munich, Eagle Star chairman Sir Denis Mountain, responded by calling in the British American Tobacco Industries Ltd. giant, which offered £796 million. The fight is expected by London experts to last another two months, with higher and higher counter-bids being presented.

"It was the worst possible company for Allianz to try and take over," a City insurance expert commented. "It was founded by Mountain's grandfather, and he inherited it from his father. Sir Denis has been running it like his personal fief, with a tiny personal ownership, 3 percent at the most. It's his personal domain. That was the wrong company to select for a takeover. With close to 30 percent of the equity, Allianz was ignored by Sir Denis, who told them, 'If you want to challenge me, do it with 50.1 percent of the stock. Until then, get lost!' I don't understand how the Germans could have made such a mistake, such a misreading of Sir Denis's profile."

The "mistake" in question is all the more remarkable in that the merchant bank advising Allianz was the City's flagship Morgan Grenfell, known as "the Foreign Office's merchant bank." Did Morgan Grenfell, among whose directors one finds Rupert Carrington, D. A. C. Douglas-Home and other scions of leading British families, suddenly lose its savvy?

Other unusual events are racking the City. During the summer, Tory MP Keith Wickenden, chairman of the large European Ferries Group, died in an air crash, and his successor is now selling off Singer & Friedlander, a member of the select Accepting House Committee. Royal Bank of Scotland—the object last year of another battle royal between the Hongkong and Shanghai banking group and London's Imperial bank, Standard & Chartered—suffered the untimely loss of its deputy chairman John Burke, who died in a mountain accident in Scotland in November. The London money and financial market institutions are being deregulated, for

the first time ever allowing foreign competitors to break into the hitherto exclusively reserved brokerage houses, the merchant banks, the stockjobbers, while the City rage is a series of takeovers, mergers and associations between, e.g., merchant banks and stockjobbers. The face of the City is going to change more in the next year than in the past ten.

Much more is involved than the attempted break-in of Allianz into the juicy London insurance market. Allianz and, behind it, a singular cluster of Central European (*Mittleuropa*) oligarchs—sponsors of the Nazi International and major dirty-money controllers that operate out of Munich—is vying for a much larger share of the pie in international dope trade, a trade that goes well beyond \$200 billion, and in turn, leverages even greater international credit flows.

The shakeout in the City involves control over dozens and dozens of billions of dollars. Against a background of imminent collapse of two trillion dollars of international paper-assets, the fight is over control of the pieces that will remain standing when the dust settles. A portrait of the *dracmatis personae* will show how.

## The Munich money mafia

Allianz controls 17 percent of the German insurance market; it is Germany's largest and one of the world's leaders. It was established in 1890 by Merck, Finck & Company, one of the two merchant banking adjuncts of the royal family of Bavaria, the Wittelsbach. Merck Finck was created in 1870, the year Otto von Bismarck forcibly integrated the Kingdom of Bavaria into Wilhelm I's Second Reich. Then in 1914 Merck Finck founded what is today the world's leading reinsurance organization, Münchener Rückversicherung, also known as Munich Re.

For centuries, ever since the industry was founded in Venice, insurance has been a racket for small groups of financiers who skim off whole populations and corporations and manage to concentrate immense flows of credit on fairly small capital bases; the insurance industry in turn controls enormous portfolios and plays a major role in directing cap-

ital flows into other areas of industry and investment, while becoming intimately acquainted with the innards of a client's situation: Actuarial science demands that the insurer know his client's business from the standpoint of his weaknesses. As Club of Rome member and top insurance wizard Orio Giarini of Geneva put it, "We study economic systems from the standpoint of their weaknesses," which gives an incomparable ability to destroy them or control them. During World War II, the central staff of British intelligence leader Sir William Stephenson was replete with insurance experts and executives.

Eagle Star is equally no alien to the intelligence world, nor are other insurance companies. This is part of the prize sought by Allianz and its Merck Finck controllers.

Merck Finck, a prime mover behind the 1920s establishment of the Deutsche Lufthansa airline and a close collaborator of the Vienna House of Rothschild, had been very active in the Austro-Hungarian Empire and its successor nations. When the Berlin J. Dreyfus Banking house was "aryanized" by the Nazis in 1937, it was Baron August von Finck, given his noble title by the Bavarian king in 1905, who grew fat on the spoils, as he did on those of S. M. Rothschild of Vienna after the 1938 Anschluss—which brought him into some trouble and an American Occupation jail in 1945. The Baron, a raving admirer of the Führer, had among other feats initiated and built up Munich's Haus der Kunst (House of Arts) which he presented in person as a gift to Hitler. But postwar "denazification" was short-lived. Even though Finck had to divest from Allianz and was allowed to keep only 6 percent of the stock, he kept control of the company. The family fortune was estimated at DM 4 billion by the time of his death in 1982, and the bank was managing another DM 4 billion in clients' portfolios.

If Merck Finck worked as a fund-gatherer and dispatcher, it did so on behalf of the still-powerful House of Wittelsbach, whose own fortune, administered by the Wittelsbacher Ausgleichfonds (Wittelsbach Equalization Fund), is estimated at \$6 billion today, one of the world's largest, and one based in huge land, forest, and real-estate assets. Together with the princely family of Thurn und Taxis, the Bavarian "kings" ran the "Thule" secret society that originally recruited and trained Adolf Hitler, Rudolf Hess, and Heinrich Himmler.

Such traditions die hard. When Investors Overseas Service (IOS) head Bernard Cornfeld created a German affiliate, he went to Merck Finck and acquired a "respectable" chairman for IOS Deutschland GmbH, former Nazi turned "liberal" Erich Mende, a federal minister and head of the Free Democratic Party. IOS was for a period of the 1960s and early 1970s the world's biggest laundromat for dirty money, drug money culled from Meyer Lansky's gangland activities and Tibor Rosenbaum's "legitimate" dirty-money recycling activities at Geneva's Banque de Crédit International (BCI).

The other Wittelsbach bank, August Lenz und Co., functionally identical with Merck Finck, shared personnel, assets, and operations with a slightly less respectable bank, the

Munich-based Schneider und Munzig, established in 1830. Schneider und Munzig is run by the Thelen family which in 1962 cofounded the Preusker und Thelen Bank, along with Liberal politician Victor-Emmanuel Thelen, a former federal minister and the 1968-75 manager of Investors Fund (IOS), and the owner of yet another bank, Orbis. The mishmash of IOS-connected banks had one principal role: to recycle organized-crime money on behalf of the arch-legitimate royal and princely families of Bavaria.

The latter also enjoy control over the giant of Bavarian commercial banking, the Vereinsbank, on whose supervisory board sits Prince Johannes von Thurn und Taxis, who also has a seat at the Handelsbank; the Hypotheken- und Wechselbank, with Freiherr von Poschinger-Bray, and the Landesbank, which features Luitpold von Braun, manager of the Wittelsbach fund. Count von Schoenborn-Wiesentheid and Prince Albrecht zu Castell-Castell, another of these medieval creatures, are also on the board of the Vereinsbank. Three of the four Munich commercial banks rank among the world's top 50. Through a dense system of corporate interlock, the Munich financial nexus controls much of Germany's high-technology and weapons multinationals, such as Siemens, Krauss-Maffei, the Flick group, the Quandt group, in alliance with Germany's top bank, the Deutsche Bank.

The fact that members of the Flick family as well as the spouse of Prince Johannes Thurn und Taxis have personally been implicated in drug smuggling operations of course goes beyond the simple cocaine sniffing that has become standard fare among the "jet set." While Princess Gloria von Thurn und Taxis was nabbed at the Munich airport with sizable quantities of narcotics in her bag, one of the younger Flicks, according to German police circles, shuttles between Switzerland and Germany in his private plane, carrying large quantities of drugs.

### **A British 'inside job'**

If the would-be controllers of Eagle Star do represent this singular interconnection between the Nazi International, dirty money and huge family fortunes that have powerful institutional form in the financial community, the object of their takeover bid is no innocent lamb. Eagle Star is at the dead center of the British oligarchy's intelligence, financial and drug-trade operations.

Eagle Star funded the establishment of Trizec, the Canadian Bronfman family's holding corporation, through its majority control in English Properties Ltd., which holds a plurality of shares in Trizec. The Bronfmans got rich through bootlegging the Scotch whisky received from leading Scottish noble families' companies from Canada across Lake Michigan, where Bronfman booze was then loaded on the trucks of Bronfman business partner Meyer Lansky. After the end of Prohibition in the United States, the Bronfmans reconverted partly into the opium trade, into which their Scottish connection introduced them in good standing.

On the Eagle Star board sit two top leaders of postwar

British intelligence, Sir Kenneth Strong and Baron Kenneth Keith, former chairman of the Hill, Samuel merchant bank—Eagle Star's own. Also on the board are directors of the Bank of Nova Scotia, another major dope and dirty money bank; representatives of the higher levels of Scottish nobility and Far Eastern interests, including Sir Phillip de Zulueta, now the head of the Anthony Gibbs merchant bank, and special adviser to the Hong Kong and Shanghai Banking Group, the world's central bank of the opium trade.

There is no way Allianz could surreptitiously enter the highly selective City "square mile" without having struck a deal with a powerful faction of the British oligarchy, a faction identified with Lord Peter Carrington, that is seeking a "New Yalta" deal with the Soviet Union, against the United States. That the takeover bid is in part an "inside job" is demonstrated by the surprise in the City when Margaret Thatcher's government did not refer the competing Allianz/British American Tobacco Industries bids to the Monopolies Commission, as it had done last year when Hong Shang's and Standard & Chartered's competing bids for the Royal Bank of Scotland were effectively stalemated through this procedure. The Office of Fair Trading this time advised the formerly-Iron Lady to let Allianz have its way, in spite of quite justified remonstrances by Sir Denis Mountain, who protested that while German insurance companies can bid for and purchase their British competitors, German law prevents the reverse.

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To explain Mrs. Thatcher's somewhat surprising failure to invoke national interest to stop the Allianz bid, London sources report that it all started with the circulation on Fleet Street of the dossier concerning Tory loyalist Cecil Parkinson's sex life. The Trade and Industry Minister's political career came to an abrupt end when "someone" gave the assenting nod for the press to publish the dossier and provoke a sex scandal with it. The Tory party machine was beaten, and the Foreign Office mafia around Carrington recaptured the reins of power during the ensuing reshuffle. Then other

dossiers started making the rounds in Fleet Street. Three Tory MPs said to be "close to the Prime Minister" are the subject of one of these sex-dossiers, and a dossier reporting that "a few people very close to the person of the Prime Minister herself are implicated in a massive scandal concerning the manipulation of tax regulations and profits made off it" has also been sighted in Fleet Street editorial rooms.

A deal has been struck between the equally eager West European advocates of a deal with the Soviet Union, the *Mittleuropa* oligarchs and the modern-day Neville Chamberlains. The deal, manifested in striking similarities in anti-American, Soviet-appeasing foreign policy moves taken by the Bonn and London governments over the recent weeks, has necessary repercussions in the financial field—especially at a time of extraordinary turmoil and global reorganization in international money.

The *Mittleuropa* oligarchs and their financiers are being given, as part of the deal, a chance to pump their money out of Europe, while "suckers" are being advised by malicious or stupid investment advisers to put their money in Germany, with the result that capital flows in and out of Germany balance. At the cost of sacrificing Eagle Star's current management, a slice of the pie is being offered to seal the alliance.

This is only the very beginning of a much more far-reaching process of redeployment of the *fondi* (centuries-old family fortunes) seeking survival. The recent merger of the maverick Jacob Rothschild's RIT & Northern with the top drug group Charterhouse and its banking arm Charterhouse Japhet indicates one major geographical focus: "We are going to work at expanding in the Far East," Rothschild stated. Last year's attempt by the Thurn und Taxis *fondo* to break into Canadian finances and thence into the Far East, through Peter Pocklington's Fidelity Trust and Samuel Bellsberg's First City Trust of Vancouver's mass-purchasing of Canadian trust companies—which at the time provoked a massive uproar among British circles—was part of the same process.

Some punishment has been meted out from the United States against such dirty-money advocates of an "independent Europe," as the case of the Schroeder, Münchmeyer, Hengst collapse showed (*EIR*, Nov. 22). The dense fabric of East-West dirty-money relations is still intact, however. The cases of Marc Rich A.G. of Zug, Switzerland, so spiritedly defended by the Soviet government's daily *Izvestia*; of the London-based Moscow Narodny Bank and its Far Eastern and Beirut subsidiaries; of the Bulgarian Trade Bank's links with Lebanese drug trade banks; and of Soviet barter involving raw materials, arms, drugs for high-technology goods secreted into the U.S.S.R., show that there is much more to be found, prosecuted, and shut down in this area. If there is a deal between the Carrington faction in Britain and the *Mittleuropa* faction on the continent for a policy of appeasing the Soviets, there is equally a deal between both these Western factions and Moscow to enlarge the latter's access to the juicy trafficking of Dope, Incorporated. That is also part of the global redeployment of world finances.