

Ivan Boesky and the Mossad arms smuggling connection

by Joseph Brewda

When Wall Street corporate raider Ivan Boesky was indicted for "insider trading," on Nov. 14, *EIR*'s would-be journalistic competitors insisted that Boesky was an "outsider," whose spectacular criminal scams in no way typified standard Wall Street practices. Despite the fact that Boesky's operations were dependent on a \$1 billion-plus credit line from the elite Drexel Burnham investment house, and had the active cooperation of such powerful establishment firms as Merrill Lynch and First Boston Corporation, Boesky was repeatedly termed a "maverick."

One year earlier, these same media parroted similarly absurd claims by the U.S. State Department and Israeli government that U.S. Naval intelligence employee Jonathan Jay Pollard was only acting as a "rogue operative," when he was caught red-handed delivering U.S. classified documents to the Israeli embassy in Washington last November.

In fact, Mossad spy Jonathan Pollard and Ivan Boesky have much more in common than being victims of the standard intelligence-agency and banking-house trick of portraying one's captured underling as an "unsanctioned rogue." It is this ignored, common feature of Pollard and Boesky cases, taken in the context of the breaking scandals surrounding U.S. National Security Council-Israeli Mossad arms smuggling to Iran, which indicates the actual magnitude of Boesky's arrest.

By all rights, Boesky could have been indicted a year ago November when Pollard was nailed as a spy. He could have been nailed when Israeli Gen. Avraham Bar-Am was indicted by the U.S. Justice Department last April with 16 British, Israeli, German, U.S., and Greek nationals for conspiring to ship over \$2 billion in arms to Iran.

Despite his depiction as a mere greedy scam artist, Boesky was right in the middle of the "Israeli Mafia" Wall Street financial apparatus. That network was exposed in a special report published by *EIR* last March, "Ariel Sharon and the Israeli Mafia." That report, as well as subsequent *EIR* coverage, proved that the Israeli Mafia-Mossad network of former Israeli Defense Minister Ariel Sharon, partially revealed by Boesky's arrest, also controlled Jonathan Pollard and Bar-Am. It is this banking apparatus, prominently including the network mutually controlled by the Swiss banking giant *Crédit*

Suisse and the Wall Street firm Merrill Lynch, moreover, which managed the sanctioned Mossad-NSC arms smuggling to Iran.

The insider trading system and 'Dope, Inc.'

The Securities and Exchange Commission can now prove, if it wants to, that Dennis B. Levine, late of Drexel Burnham Lambert, was merely doing his job in passing insider information to Ivan Boesky and other arbitrageurs. Whether he knew he was doing his job, or merely thought that he was cheating the house, is irrelevant, and might be impossible to determine. However, U.S. Attorney Rudolph Giuliani is now investigating what has been obvious to market participants all along, namely, that Drexel made a habit of leaking information about hostile takeovers to the "arbs," in order to build up a market avalanche to crush the defending management.

"Investors" do not, in general, buy junk bonds to obtain the high interest rates. Buying junk bonds is the penalty that participants in a takeover syndicate cough up, in order to participate in the syndicate. Michael Milkin of Drexel's Beverly Hills office—sometimes referred to as the king of the junk-bond market—depends on the "arbs" to sell his high-interest, high-risk paper. Of course, there are a few bankrupt savings and loans who have nothing to lose, and will take the risk to obtain the high return. More often, the S&Ls or insurance companies who buy junk paper are captive cash sources for the syndicate.

"Insider trading" is the *premise* of the entire business. Milkin sits in his office with a short list of heavy hitters, capable of picking up 1 to 5% of any deal he brings to

Who is Ivan Boesky?

When Ivan Boesky was indicted on Nov. 14 for insider trading, and agreed to pay \$100 million in fines and cooperate with federal authorities, little attention was paid to the actual basis for his rise to the status of a "daring" Wall Street scam artist. Boesky, a son of a Detroit delicatessen owner, first made his connections in the early 1960s, when he was employed by the United States Information Agency (USIA) in Teheran, Iran. It is believed, but not yet confirmed, that Boesky first made contact with Mossad arms smuggler Yacob Nimrodi in Teheran in that period. Nimrodi, who was a main weapons supplier for the Shah (just as he now is for Khom-eini), was a central figure in General Bar-Am's arms smuggling ring (see *EIR*, Vol. 13, No. 19, May 9, 1986).

Boesky's marriage into the Silberstein family, a family tied to the notorious mafia kingpin Max Fisher, was also

instrumental to his subsequent career. Fisher, a one-time bagman for the Cleveland-Detroit-based Purple Gang, has been a key money launderer to Israel, and involved in the dope trade for decades. Through the financing of his in-laws, Boesky parlayed a small New York investment firm, Ivan Boesky and Company, from a fledgling scam in 1975 to the premier corporate raider outfit in 1986.

As the Boesky case broke, anxious press accounts noted that Boesky's credit lines extended from Wall Street's Drexel Burnham, and that that financial house also has been the backer of the equally "daring" corporate raiders Meshulam Riklis, Victor Posner, and Carl Linder. All of the members of this ring are both Fisher-tied and frequent partners of Boesky in various corporate raids. The network includes:

- Meshulam Riklis, owner of Rapid American Corporation and the funder of Gen. Ariel Sharon's political cam-

them. With this list, he can (or could) put together multi-billion-dollar financing for hostile or other takeovers, faster than the largest banks could offer the same money in the form of bank loans.

The people who buy Milkin's junk paper have huge amounts of ready cash to commit, and, as a pack, can act faster than the largest commercial banks. These people do not intend to make money by holding high-interest paper; they make money on the stock market, the way Ivan Boesky did. Most of their names are well known; they are market operators, often with a loose organized-crime association, who elbowed their way into control of major corporations. The top of Milkin's list reads:

Lawrence Tisch (Loewe's Corporation, and now CBS); Saul Steinberg (Reliance Insurance, and various British merchant-bank connections); Kirk Kerkorian (MGM); Carl Icahn (TWA); Victor Posner (Sharon Steel); Carl Lindner (Great American Insurance); T. Boone Pickens (Mesa Petroleum); the Belzberg brothers (Vancouver); Meshulam Riklis (Rapid-American); Marvin Davis (20th-Century Fox); Charles and Herbert Allen (Allen and Co.); Maxwell Rabb (currently U.S. Ambassador to Italy); Sir James Goldsmith (Generale Occidentale); Sir James Hanson (Hanson Trust); Kenneth Bialkin (Wilkie Farr Gallagher, and Warburg-Pincus); and various savings and loans, insurance companies, mutual funds, and other money-dumps associated with them.

These men all know each other, do deals together, take participations of each others' companies, socialize together, and (very possibly) will do time together.

After one of the pack has targeted a company, offshore funds covertly purchase stock, usually below the 5% mark, after which shareholdings must be reported to the Securi-

ties and Exchange Commission. But where does their ready cash materialize from? That is where Drexel's special role leads the investigator to the \$500 billion per annum flow of new dirty money into the markets. Drexel is controlled by the Lambert family, the Belgian Rothschild cousins; through their holding company, Pargesa, in Switzerland, and Pargesa's ties to Banque Paribas, France's largest *banque d'affaires*, they play a prominent role in the Swiss-Italian insurance combine. The Lamberts have a seat on the board of the Italian insurance giant, Assicurazioni Generali of Trieste, possibly reflecting Paribas' substantial shareholding in the Generali.

"This monster has devoured North American finance," Jeffrey Steinberg and this writer wrote in the second edition of the bestselling textbook on narcotics traffic, *Dope, Inc.* We noted that \$50 billion entered the United States during 1985 in the form of "errors and omissions," i.e., untraceable capital transactions. Since the Treasury made reporting of foreign purchases of U.S. securities *voluntary*, following staff cuts, U.S. officials believe that most of the errors and omissions reflect unreported securities purchases from offshore funds, and that the source of most of these funds is the \$500 billion international narcotics traffic.

Not merely the takeover syndicate, but the U.S. Treasury, now depends on America's \$150 billion a year in foreign borrowings. Why should the Drexel syndicate function differently? It merely happens that, while Japanese institutions buy Treasury securities, the network which includes Ivan Boesky depends on access to the sources of dubious cash channeled by the likes of Drexel Burnham, Merrill Lynch, and First Boston.

—David Goldman

paigns. Riklis is at the center of arms smuggling to Iran.

- Carl Lindner, the Christian fundamentalist former owner of the “bankers’ CIA” United Fruit Company, who installed Max Fisher as chairman of that drug-and-weapons smuggling firm.

- Victor Posner, now under U.S. federal indictment for fraud. Often termed the successor to Meyer Lansky, Posner has been under formal U.S. government investigation for possible patronage by the Soviet KGB.

- Saul Steinberg, whose Reliance Corporation, has been implicated in both the New York City municipal scandal, and also involvement with the Brooklyn-based Soviet Jewish mafia.

- Sam Belzberg, the Canadian-based real estate operative tied to the Bronfman family.

- Lawrence Tisch, who worked with Boesky to take over CBS. Sen. Jesse Helms (R-N.C.), who is funded by Fisher and Boesky, provided the flimsy conservative cover for this operation, by arguing that this Mossad raid against CBS somehow targeted the “Eastern Establishment.”

New York Mossad money

When Jonathan Jay Pollard was caught red-handed stealing U.S. classified documents for Israel, investigations by *EIR* quickly confirmed that Pollard was “handled” by Israeli spymaster, and former Sharon campaign manager, Rafi Eytan, and that the New York crowd including Riklis and Boesky, used the Eytan network to smuggle U.S. secret documents to Iran, among other locations.

Boesky was identified by our sources at the time as a leading figure in the Israeli Mafia-Mossad’s financial apparatus in New York, whose key fronts, include the various firms associated with Riklis, Tisch, Belzberg, et al., as well as the New York branch of the Israeli-based Bank Leumi. This Mossad financial network also includes several key Zionist and Jewish philanthropies, most notably the United Jewish Appeal (UJA) and the Jewish National Fund, who hide behind their charitable and politically sensitive status, to run several unwholesome operations.

Since emerging as a major Wall Street player, Boesky has positioned himself in several of these Mossad-“banker’s CIA” linked philanthropies, including a two-year stint as campaign chairman of the United Jewish Appeal-Jewish Federation of New York fundraising drive. Boesky’s patron, Max Fisher, had earlier gained notoriety in Israel, when it was discovered that a sizable chunk of UJA cash was diverted away from Israel, during the long period he chaired the organization. Boesky has also been a major fundraiser and board member of the Simon Wiesenthal Center of Los Angeles, and Yeshiva University of Los Angeles. Both institutions were founded by Boesky’s partners, the Belzberg brothers. Every key scam artist associated with Drexel Burnham is on record as a lavish Wiesenthal Center contributor.

It is also a matter of record that these same charities and

banks have been at the center of laundering funds for U.S. National Security Council-protected Israeli arms sales to Iran. In fact, Jonathan Jay Pollard was first put in touch with his first Mossad controller, Col. Avraham Sella, through a Wall Street-based Israeli Bonds drive organizer. The financing for General Bar-Am’s \$2 billion arms sales to Iran was partially conduited through a network of New York based yeshivas (religious schools). These same yeshivas, and insurance companies, are also heavily involved in laundering funds for narcotics interests controlling Bronx Democratic boss Stanley Friedman, convicted in late November of racketeering.

The Fisher machine

The most revealing Mossad post which Boesky has held, however, is as financial director of the Republican National Committee’s National Jewish Coalition. The NJC and its predecessor organizations had been formed by Max Fisher—the NJC’s honorary chairman—largely to ensure that the Reagan administration would never try to buck the Mossad faction headed by Ariel Sharon.

Some *EIR* readers may recall the curious role that Max Fisher played at the 1980 Republican National Convention, when he insisted that former President Gerald Ford be named as Ronald Reagan’s running mate in the 1980 general election. Fisher, and his associate Henry Kissinger, also became notorious for demanding that Ford become Reagan’s “co-President,” with jurisdiction over foreign policy. Although Fisher lost out in that battle, the incoming administration was forced to accept a number of Mossad-linked operatives in key posts, as part of a compromise with the Fisher faction of the Republican Party. Among the individuals which the administration accepted in this deal was Michael Ledeen, who went from being Alexander Haig’s assistant during Haig’s tenure as Secretary of State, to being a consultant to the National Security Council (NSC) on Iran. Ledeen was the key go-between for the Mossad-NSC arms sales to Iran, now being exposed in the “Iran-gate” scandals. He was also, it is believed, central to the diversion of Mossad-NSC funds and arms to the Contras.

One of the key mechanisms used by the Fisher-Mossad network in maintaining the capacity for installing such figures as Ledeen in the Reagan administration, is the Boesky-funded NJC. The NJC is the architect of the so-called “new right Jewish voting block,” which has been swung to vote Republican in exchange for administration support of Israel on its terms. One example of NJC operations is the conversion of Sen. Jesse Helms into a strong supporter of Israel’s Sharon, after receiving massive funds from the NJC and from Boesky personally.

Vigorous pursuit of the Boesky case, combined with exposure of the true story of the Bar-Am, Pollard, and NSC rings, could shape the outcome of the factional warfare now raging in Washington, and whether the administration will break with the Mossad factions which have penetrated it.