Mendoza.

Also in February 1996, Missouri Secretary of State Rebecca Cook filed an action against Lloyd's. "This large and prestigious company clearly took advantage of Missouri investors by leading them to believe that it was on sound financial footing and that over a period of time, sustained losses could never occur," said Cook. "But the fact is, Lloyd's was using money from American investors to cover tremendous liabilities it had incurred. Millions and millions of dollars have been lost by investors in this scandal. . . . It is now time to bring Lloyd's activities to an abrupt halt before further losses are incurred and more Missourians are caught in this web of deceit." "What this action shows," Cook said, "is that no company is too big or too famous to comply with Missouri securities laws. . . . The message should be clear: We will not tolerate investment fraud in this state."

"Officials of Lloyd's were able to selectively and deliberately decide where the funds would be shifted, to isolate risks, and to virtually determine which investors would lose their money and which would retain their funds," charged Mary Hosmer, chief of enforcement for the Securities Division of the Illinois Secretary of State's Office.

"From our investigation, it was clear that Lloyd's blatantly ignored our state's securities laws as its agents solicited investors throughout Missouri," added Steve Yttri, the securities division counsel who headed the investigation.

The Pennsylvania Securities Commission followed suit in March, filing an administrative order which prohibited Lloyd's from collecting funds from Pennsylvania Names. The filing referred to "the fraudulent Lloyd's scheme" and accused Lloyd's of "continuing fraud on Pennsylvania Names."

In April 1996, the Securities Division of the Virginia State Corporation Commission took action against Lloyd's, as did the Utah Department of Commerce Securities Division. "This scheme presented investors with enormous risk," said Utah Securities Division Director Mark Griffin. "Lloyd's had a duty under Utah law to disclose to investors every important fact about that risk. To the contrary, we believe that investors were not told the true facts pertaining to the risks that were known to Lloyd's at the time of these sales. If that were the case, these investors would not have made the investment, and we would not be discussing this today. . . . Lloyd's continues to try to cloak itself in its status as a huge foreign insurance market, not subject to U.S. law. If they raise money here to support their enterprise, then they have to abide by the same rules U.S. companies do: they register their investment prod-

Mother Nature doesn't cause insurance losses

After any natural disaster these days, it has become the media custom to repeat the fairy tale that insurance companies face huge losses because of Mother Nature. Not so. Mother Nature is getting a bad press.

It is the lack of man-made infrastructure building and repair, in the United States and worldwide, that is resulting in needless damage and suffering, and, secondarily, hitting the insurance companies. This anti-infrastructure policy, in turn, is promoted by the same IMF-connected London financial interests that govern Lloyd's, and other giant insurers.

Lloyd's, in particular, was traditionally involved in maritime insurance, over the centuries; and thus has been affected by the degradation of sea trade and shipping infrastructure—ports, fleets, shipping lane maintenance, navigational aids. For example, look at the Panama Canal (1913) and Suez Canal (1859-69); they were high technology when they were new a century ago, but have never been replaced, or even overhauled for modern ship traffic. Other needed canals, such as the cut across the Kra Isthmus in Thailand, have been blocked by the International Monetary Fund.

EIR has regularly documented what was preventable and what was not, after many of the recent U.S. natural disasters, such as Florida's Hurricane Andrew in August 1992, the January 1994 Los Angeles earthquake, or the great Mississippi flood of 1993. (For a fuller report, see "Don't Blame Mother Nature for the U.S. Breakdown," by Richard Freeman et al., *EIR,* Feb. 4, 1994).

Consider the Jan. 17, 1994 California earthquake. It is estimated that perhaps $20-25 billion of the damage could have been avoided. There exist 1) state-of-the-art technologies (retrofitting buildings, bridges, aqueducts, etc. for quake protection) that should have been applied to structures throughout Los Angeles, and weren't; and 2) emerging advanced technologies, such as seismic devices, for which research and development should be adequately backed, and applied.

Seismologist Thomas Hanks, of the U.S. Geological Survey center in Menlo Park, California, speaking right after the quake, noted: "We've had 23 years [since the previous major, Sylmar quake] to gather knowledge, pour more cement, and install more reinforcing steel. Yet more bridges came down."

It is the marginalization of the infrastructure base of the economy—from ticky-tacky housing, to lack of levees and breakwaters, that is costly to the economy, and perforce, to the insurance sector.—*Marcia Merry Baker*

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