
Investigative Leads

Uncovering the East-West web of international smuggling

by Philip Golub and Paolo Vitali in Mulhouse, France

Investigative Judge Germain Sengelin, a robust and open-minded 46-year-old Alsatian, speaks to you in an intense and lecturer-like fashion. While he talks in his room on the first floor of the Mulhouse, France court building, next to his safe full of documents accumulated in an investigation which has been going on now for five years, a fantastic spy story starts to unravel before your eyes.

But it is not a question of fiction. The reality of a gigantic international smuggling conspiracy, from cigarettes to weapons to heroin, with the implication of several secret services, both East and West, terrorist groups and old and new Nazi organizations, political complicity and multinational financial control centers—all of this and more is included in Judge Sengelin's inquiry. One begins to get scared.

But let us begin with the judge's own words in order to see the intricate unraveling of the international spy intrigue.

"The thing started almost as a banal affair, or what seemed at that time—we are at the end of 1977—a banal affair. There has been a tradition of international cigarette smuggling going through the Alsace region and the Jura. Part of this smuggling, coming from East Berlin, through the international nexus of Basel, was going to Spain, passing through the border points of Mulhouse, Saint-Louis, Belfort, and other places. Then, we started to see behind the traffic an international organization with incredible ramifications. According to what we picked up in the network itself, this smuggling structure was led by a certain 'Simon,' a.k.a. 'Hans Simon' or 'Jean Simon,' allegedly a French citizen. From indications coming from the German Customs Office in Karlsruhe, and the national anti-smuggling law enforcement agency, the Direction Nationale des Enquêtes Douanières (DNED), under the jurisdiction of the French budget ministry, and other places, this 'Simon' was identified with the well-known smuggler Claude Cabot. We cracked down on Cabot's network. In November 1978, the DNED customs official in Bordeaux, Henri Touton, was arrested, as the controller who had organized and protected the smugglers,

by providing them with customs facilities."

This was Act One, Scene One of Sengelin's story. It must be explained here that cigarette smuggling represents a huge international traffic which has provided, once it was established, the international logistics structure and smuggling network for the successive smuggling of weapons, drugs, and capital. The same things discovered by Judge Sengelin in Alsace are quite well known, for example, to Italian investigators, particularly to Judge Carlo Palermo from Trento, who recently dismantled the international arms-for-drugs ring that became known as the "Bulgarian Connection." Also in Trento, in northern Italy, the operation had begun with cigarette smuggling alone.

The cigarette operations

The significance of the mountainous Alsace-Jura area, a border area which connects West Germany, Switzerland, and France, comes from the intersection there of several smuggling routes. Mainly the cigarettes are legally produced in the United States, although they also come from France, Switzerland, or East Germany, produced on a Western license. From the United States, the cigarettes are shipped to the northern ports of Rotterdam, Hamburg, Antwerp, or one of the Baltic ports. The middle destination is the "free port" (*Freilager*) of Basel, where the "commodity" is re-loaded on other means of transportation or simply sent further to other destinations under the benevolent eye of the Swiss authorities, who do not tend to consider this activity real smuggling. The cigarettes reach Basel, either by double trucks, the infamous TIR, or by river, and from Basel they go south, following the Alsace-Bordeaux-Spain route to South America or Africa. Italy, and from there again to Africa, the Middle East or South America, is the other major itinerary. Furthermore, as also revealed by Judge Palermo's investigations, several Eastern European countries and routes are involved, too.

"Not the Russians, at least not directly," continued Judge

Sengelin, "but mainly through the Bulgarians, the Romanians and the East Germans. In Bulgaria, for example, trucks full of cigarettes were escorted to and from the border by military personnel. The drivers were then lodged for some time in luxury hotels, like the Vitosha Hotel in Sofia. There is no way that the Eastern authorities are not aware of and involved in this traffic. And on the way back, most of the time unknown to the drivers themselves, the trucks transport heroin, from 2.5 to 5 kilos each time, and this heroin will be picked up in Munich, at the huge West Bahnhof market. Both the Bulgarians and the Romanians keep a control over these mafia smuggling networks, and these networks have their corresponding structures and men in the West. The DDR [East Germany] uses a lot of its secret service agents in this operation, and lets the people go freely from East Berlin. In the West, one finds also several secret services involved, and political organizations. Most of the traffic passing through Mulhouse in the direction of Spain was controlled in the southern France-Spain area by the ETA terror organization. They are very strong in the smuggling. As well, one finds old Nazi and neo-Nazi groups involved in this contraband of weapons and drugs, in particular in the Munich area of Bavaria. And nobody seems to do anything."

But now, let us go back to our story as it unfolded. We stopped at the late 1978-early 1979 arrests ordered by Sengelin. "Only later on," continues the Mulhouse judge, "I

started to realize that there was something which did not fit. First of all, while I was proceeding in the investigations, the elements of so-to-speak regional smuggling were superseded by new developments. Around 1980 I started to see that behind this structure was a brain, an international staff. It was no regional thing; but a multinational of fraud, with multi-level implications."

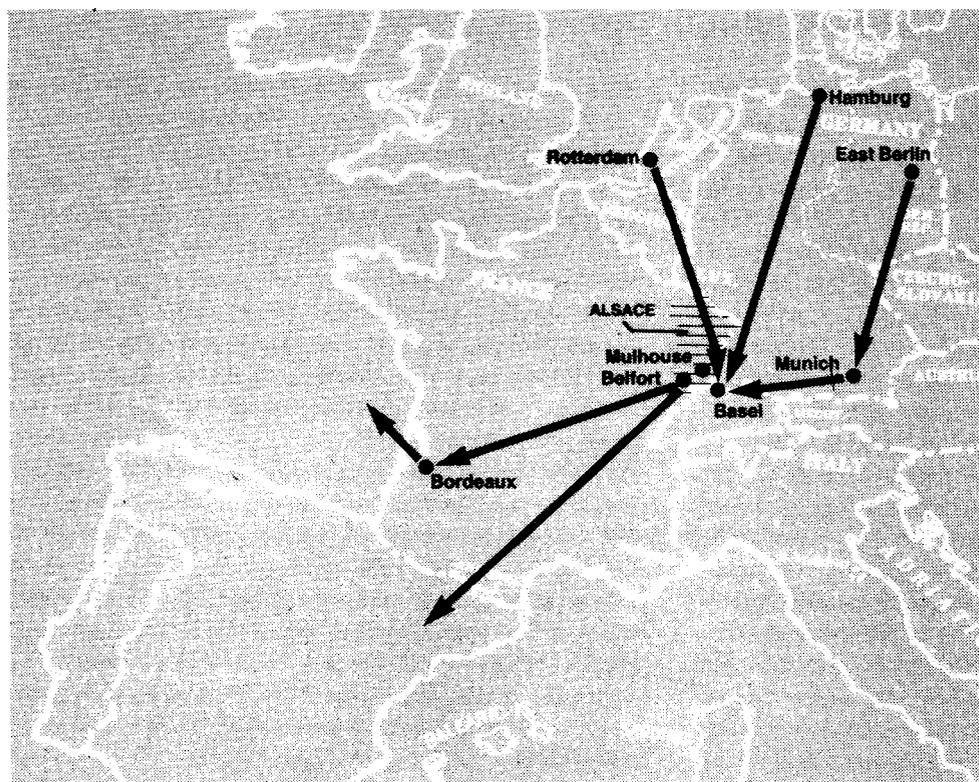
"Can you be more specific about how you arrived at this result?" we asked.

False tracks

"Surely. First, the Claude Cabot I arrested as the 'Simon' on top of the smuggling declared to me that he and his companion Jacques Berthelot were working for French intelligence, under the direct supervision of the Elysée [presidential palace of France], in order to infiltrate the smuggling ring. It was a penetration operation. He said that he had not smuggled from East Berlin. At the time in question in one case, he said he had been in Africa, and I was able to confirm that this was true. Cabot was particularly concerned with the ETA angle of the smuggling, while Berthelot was concerned with the East bloc implications."

"So, you were fed a false track by someone in Germany and in the French administration?"

"Yes, and this someone is very high in the French administration, the number two man, the adjunct director of the



Contraband routes on the European continent

The Basel-Alsace region is at the intersection of several traditional smuggling routes. U.S. cigarettes are shipped through the northern ports of Hamburg, and Rotterdam. The destination is the "free port" of Basel, where the commodity is shipped south to Spain or to Bordeaux in France and then to Africa or the Middle East. Some of the cigarettes, produced in East Berlin, are shipped through Basel and the border towns of Alsace to Spain and further points.

DNED, Mr. Roger Saint-Jean, whom later on I accused of complicity in the fraud.”

Obviously, Saint-Jean must be very powerful and well protected, because despite the charges, he is still in his position. The collaborators of Judge Sengelin, instead—police-men, customs officials, and so forth—have been “massacred” administratively, that is removed from their positions or geographic areas. To clarify a bit better the question of Saint-Jean: a source high up in French intelligence, when it used to be called SDECE, noted that the name Saint-Jean is the French equivalent of St. John, and you know that St. John is the patron saint of British intelligence, SIS! The source did not say any more, but the indication could not be clearer, also because it comes from very extensive experience in the field.

“The problem,” Judge Sengelin continued, “is that most of the important secret services are involved in the smuggling. And this for several and sometimes contrasting reasons. As a rule, they try to keep a control and foreknowledge of these networks by infiltration and penetration operations. At the same time, they exploit these networks for self-financing; this is done both in the East and West. We know for example, from a French intelligence report written in 1982, that the British secret services are mostly involved in cigarette smuggling as self-financing and to finance special operations. The East bloc countries deposit these sums in foreign currency in Swiss banking accounts. And this explains why the Swiss are so reluctant to go after the smuggling operations. Behind some of the smugglers I identified one can see the tracks of Swiss intelligence and counterintelligence. And in 1981, the Swiss general prosecutor ordered a halt to the investigations in Switzerland, because some of the East bloc connections were emerging.”

“Can you give us some names or more specific references?”

“Look at my investigation. I could reconstruct that the network, with the protection of Saint-Jean in the head office of DNED in Paris, was led by an Austrian, Reinhold Kurz, by the Dutchman Johannes Ploe, and by the East German defector Guenther Asbeck, working through the firm Kuhn and Nagel in Hamburg. The key person, ‘Simon,’ was identified by a May 1982 DST (French equivalent of the U.S. Federal Bureau of Investigation) dossier as being Simon Goldenberger, currently living in Rosenheim, near Munich.”

The Goldenberger case

According to the DST dossier we obtained through a Parisian source, Simon Goldenberger, a Jew of Turkish origins, went to France in 1921, getting French citizenship in 1948. Because of financial fraud, Goldenberger escaped from France in 1951, finding refuge in East Berlin, where he acquired East German nationality. After having accumulated a fortune in all kinds of trafficking, Goldenberger returned to the West in 1975, first to Vienna, then Rosenheim near Munich, where

he maintained his profitable “business” activities.

As the DST report states, “different sources have indicated in the past that Goldenberger is known as a trafficker and a collaborator of the East German secret services, after having given his help as well to the Polish and Soviet secret services.”

According to an interview given on Jan. 18, 1983 to the *L’Alsace* journalist Jean-Marie Stoerkel, who has been following the Alsace Connection for years, Simon Goldenberger states “I am a businessman, I paid 4 to 5 million marks of taxes to the DDR. Why do you think I was an agent of the East? I never worked for any secret service whatsoever, be it the KGB, the CIA, the Mossad, the [French] SDECE or the [West German] BND. I did not even know that the BND existed before people spoke about me.”

If Goldenberger does not know the BND, obviously the BND does not know Goldenberger. In the same *L’Alsace* article it is reported that Judge Sengelin had asked the BND about Goldenberger. In answer, the BND sent back as its only item in the file, an article in the West German magazine *Stern* of June 16, 1982, entitled, “Is Simon G. an East Bloc Agent?” Nothing more!

The same treatment the Mulhouse judge received from his colleagues in the Munich prosecutor’s and police offices. “Goldenberger does not exist.”

“Oh, that’s very interesting,” we interjected to Judge Sengelin, “and very similar to the Italian experience vis-à-vis certain German authorities. Do you have something in your investigation which resembles the P-2 plot? Because many of the ‘Bulgarian Connection’ tracks lead directly to the P-2 network,” the network of the Freemasonic Propaganda-2 lodge headed by former Mussolini secret police agent Licio Gelli and set up under the patronage of the Duke of Kent, the cousin of Queen Elizabeth II of England.

“There is something in that respect,” answered Sengelin, “at least, something which goes in that direction. What I can say at this moment is that many of the operations which have been launched against me over all these years of investigating the smuggling ring can be traced back to a certain Scottish Rite lodge in the 15th arrondissement in Paris. But the investigations are still continuing. . . .”

What are also continuing are the various attempts to mine the ground under Judge Sengelin’s investigation. At the time of this writing the “not above suspicion” French Justice Minister, Robert Badinter, who has shown so much consideration and understanding for Italian terrorists who escape to France, is trying to take away part of the full investigation being pursued by the Mulhouse judge—a measure not only suspicious, but of major international import, trying to kill in France what could become an extremely significant French counterpart to the various Italian investigations. If Badinter is really afraid of the “full steam ahead” investigation by Judge Germain Sengelin, whom and what is he trying to protect?