

Banking by Kathy Wolfe

BBS collapse means fast cartelization

The number of S&Ls losing money to phony discount houses is rising at a rather suspicious rate.

The Bevell, Bresler & Schulman (BBS) group of New Jersey became the second government securities firm in the space of a month to go belly up, putting two of its companies under Chapter 11. Like ESM securities of Florida, BBS enjoyed ties to Ohio dope-banker Marvin Warner. In fact, ESM was founded by two founders of BBS. Its bankruptcy is part of Swiss-organized plug-pulling on the American banking system.

Most ominous, dozens of savings-and-loans in a dozen states across the country may have lost as much as \$225 million in bad loans and investments with BBS—the ESM story all over again. The big purchasers of BBS securities included four in Ohio already hit in the collapse of ESM. Otherwise, the states involved, Ohio, Texas, Florida, New York, and Illinois, are precisely those industrial states targeted for expansion by Citibank, Chase Manhattan, Chemical Bank, and the other “Dope, Inc.” money-center banks which are planning a British-style cartelization of the American banking system.

The New York banks are already moving in. In Ohio, Chemical Bank has signed a letter of intent to buy Marvin Warner’s Home State S&L dirt-cheap, and is moving to acquire state-wide banking-service capabilities. Chase Manhattan has likewise asked permission to buy two Ohio S&Ls as a first step to opening up operations in the state. In Maryland, the state legislature voted April 8 to grant Citicorp full-service banking rights throughout the state; Chase Manhattan, Chemical, and Mellon Bank are expected to move in soon. In Michi-

gan, the *Detroit News* reports that several of the larger banks are becoming takeover targets for the New York money-laundries.

The BBS bankruptcy confirms what *EIR* wrote of ESM at the time: It was no “isolated case.” The entire crisis was triggered by Swiss interests to turn the industrial heartland of the United States over to Citibank, whose new chairman, John Reed, is a director of the World Wildlife Fund and as such, a close friend of Britain’s Prince Philip and Holland’s Prince Bernhard. The Fund and Citibank are committed to reducing credit in the United States so as to reduce the American population.

ESM was the brainchild of Crédit Suisse/White Weld, the Swiss banking group which is accused by the U.S. government of receiving billions in laundered money from the First National Bank of Boston. The March 17 *Houston Chronicle* reports that ESM was founded in 1976 by the then-head of White Weld Treasury repos, Alan Nowick, with three local Florida brokers who lent their names, Ronnie Ewton (E), Robert Seneca (S), and George Mead (M). Nowick was the brains of the operation, until his death in November 1984 caused ESM to unravel.

Most ESM repo business came from Jimmy Carter’s ambassador to Switzerland, Marvin L. Warner, whose son-in-law is Stephen Arky, the Miami lawyer for ESM and chum of Ewton.

Both Ewton, and Mead worked at BBS until 1975, when they moved to ESM as founders. ESM in return later sent Andrew Ledbetter to BBS. Led-

better is named in the suit filed this week against BBS by the Securities and Exchange Commission.

As with ESM, the SEC has charged that BBS officials misused clients’ money. It is alleged that BBS transferred securities into its Asset Management division for company use without the knowledge of the banks holding the securities.

Over 75 thrifts could be involved, including losses up to \$223 million. Wirthen Bank of Little Rock, Arkansas may lose \$52 million. Fort Lee Savings & Loan of New Jersey has \$35.8 million in BBS. The Cross County Federal S&L of Queens, New York lost over half of its capital (“net worth”) in the fracas, and of the other 50 S&LS involved, 20% have potential exposure even greater than their net worth.

Texas Bankshares has been added to the list of losers; it has already had its stock downgraded by the SEC. GreatAmerican Federal Savings in Oak Park, Illinois, said they will also lose big.

Another striking similarity between the companies is their strong ties with certain Democrats.

Two prominent Democrats were hired by BBS as part-time senior vice-presidents in the early 1980s. One, Evan S. Dobelle of Pittsfield, Massachusetts, after serving on the Democratic state committee there, went on to become treasurer for the Democratic National Committee in 1978-79, while Jimmy Carter was President. The second, David E. Phelps, also of Massachusetts, was a staff member of the Democratic National Committee during the same period, working with Dobelle. The two were brought on board at BBS when the firm entered the big time with a major expansion and move into Livingston, New Jersey in 1981.