

One of the most scandalous political enemies operations in history

by Suzanne Rose

Two recent events have galvanized the so-called leadership of the Democratic Party and the organized-crime linked Anti-Defamation League to combine their efforts into one of the most scandalous political enemies operations in history. The events in question are the March victory of two "LaRouche Democrats" for high office in the state of Illinois, and the April re-publication in English of the *EIR* best-seller, *Dope, Inc.*, commissioned by Lyndon LaRouche.

In early May, the securities commissioner of the State of Maryland issued a cease-and-desist order against Caucus Distributors and two of its volunteer fundraisers, Kathy Wolfe and Paul Gallagher. The ADL-backed Democratic attorney-general, Steven Sachs, who is opposing LaRouche Democrat Lawrence Freeman for the gubernatorial nomination, is attempting to characterize political loans made by political supporters to fund a "war on drugs" as investment "securities"! Under attack in Maryland is a major financial backer of *Dope, Inc.* and related projects, whom the securities commission hopes to make an example of to prevent others from doing likewise. The enemies of the war on drugs, which has proven so successful in Latin America, intend to knock out its financial and logistical support by waging an assault on the corporations which publish and distribute *Dope, Inc.*

Sachs' approach to political enemies is different than to Consolidated Mortgage Realty Services, Inc. Consolidated is a dummy company owned by Michael Clott. Its predecessor company, First American Mortgage, went bankrupt and was charged with issuing multiple securities against the same mortgage and misappropriating funds.

Sachs' office issued a cease-and-desist order against Consolidated, which had assumed many of First American's debts. But the order permitted them 15 days to request a hearing to respond to the charges before the order would take effect. Caucus Distributors was not granted any such amenities. The cease-and-desist order was final and its exemption as a not-for-profit corporation under Maryland law was summarily revoked, despite its own request for a hearing.

Press complicity

In the case of Caucus Distributors, a nationwide AP wire was issued at the same time, which illegally disclosed confidential information regarding a Boston grand jury investiga-

tion, which had been initiated earlier in the year against Caucus Distributors and the campaign committees of Lyndon LaRouche by the drug bankers' favorite prosecutor, U.S. Attorney for Massachusetts William Weld. The responsible AP reporter was William Welch, who has been acting as the point-man for the ADL's Irwin Suall and drug lobbyist Dennis King in the pursuit and extortion of major financial backers of the political activities of Caucus Distributors.

The states of Washington, Illinois, Alaska, and Minnesota have since followed suit. Each time a cease-and-desist order is issued, the state and other states are blanketed with publicity about LaRouche-connected "fraud," or "impending bankruptcy."

The Minnesota order went so far as to characterize a loan made to Independent Democrats for LaRouche, his 1984 presidential campaign committee, as a security.

A campaign loan is a security?

At the Maryland hearing, which began June 6 and concluded June 9, the lawyer for Caucus Distributors, Patrick Moran, ridiculed the idea that a political loan was a security. Under Maryland law, there are exemptions automatically granted to securities registration if the transaction at issue is a bona fide loan, or, if the transaction should be classified as a security sale, it is exempt from registration if the issuer is a not-for-profit corporation, which is the case with Caucus.

In the Maryland case, the complainant was a woman who made a large loan to Caucus, but whose children disagreed with her politics and sought the return of the money for themselves. They harassed her until she gave in. At the hearing, even though the woman had been drilled to call her loan an investment, she stated clearly on the record that she had made the loan out of political conviction, not for commercial gain.

On the first day of the Maryland hearing, June 5, the only audience was AP reporter William Welch, the on-the-scene coordinator for *Dope, Inc.* henchmen Dennis King and Irwin Suall. Welch's job is to meet with large contributors and/or other interested parties such as hysterical children and bankers, and convince them they have to publicly "expose" the associates of LaRouche if they are going to get their money back—that they need the assistance of whatever state or

government agency they can bring in. He then tailors his articles to suit whatever claim the ADL will be making in a particular state and to give maximum publicity to any individual action or complaint so that other supporters reading it will panic and cause a run on the Caucus accounts.

In the case of the Maryland action, the assistant securities commissioner, Mrs. McCafferty, personally called all the states where Caucus now faces securities investigations and encouraged them to do the same, while the ADL tried to generate complaints into the securities commission or attorney-general's office at the same time.

Funding the battle with narco-terrorists

EIR banking editor Kathy Wolfe testified at the first and second day of the hearing. Mrs. Wolfe had raised a large loan from a Maryland resident to support Caucus's efforts, and explained the political context in which the loan was solicited. The anti-drug Alan García had just been elected President of Peru. The anti-drug Jorge Carrillo had become labor minister of Colombia. It was the assessment of *EIR*'s editors that a major push should be made to target the controllers of narco-terrorism through publications and other materials, because the political will was developing to attack the problem on the part of governments.

The project was defined as circulating the information contained in *Narcotráfico, SA* (Spanish-language *Dope, Inc.*) throughout the continent; translating the book into English, and reissuing it; and putting out a special report and tape on the case of Guatemala, whose government wished to collaborate. This required a considerable mobilization of resources. A call went out for funding.

The effectiveness of these efforts was attested to by two *EIR* editors, Dennis Small for Ibero-America and Jeffrey Steinberg, an author of *Dope, Inc.* and counter-intelligence editor of *EIR*. Small testified that the biggest cocaine busts in history were carried out under the new Peruvian President in August, while *Narcotráfico* was being serialized in the nation's leading press. As a consequence, there were death and kidnapping threats made against the circulators of the book. Manuel Ulloa, former prime minister of Peru, sued *EIR* over the book. Major legal expenses were incurred.

At the same time, the Guatemalan government, facing destabilization by narco-terrorists, offered to collaborate on a documentary film and report on this issue. Three government officials came to the United States for filming and meetings with Drug Enforcement and Pentagon representatives. The film was produced in late August, and was shown simultaneously on three Guatemalan TV stations. The special report was prepared and circulated throughout the United States and Latin America. Follow-up trips to Guatemala were made by the editors to push a proposal for a military approach to stopping drugs, which was first articulated at a conference in Mexico City in 1985. A 10-day trip was made in late October which resulted in the carrying out of a massive drug

bust, *Guatusa-I*. A transcript of the TV report appeared in the government newspapers a week before the nation's elections.

Paul Gallagher, executive director of the Fusion Energy Foundation, also testified at the hearing. He accompanied Mrs. Wolfe to a meeting where funds for this project were solicited. Gallagher's testimony described the national-security implications of a war on drugs, and the fact that the failure to undertake a high-technology approach to Third World economies had relegated many of them to growing drugs to pay their debt.

At the time of the meeting, *EIR* had just launched its attack on White House Chief of Staff Don Regan as a drug banker, documented in the re-published *Dope, Inc.* Co-author Steinberg testified that the approach of *EIR* to drugs as a national security issue was now being realized after years of organizing, as in a recent presidential memo stating that drug pushers are financing terrorism and drugs are a national security threat.

'So what?'

The response of the Securities Commission was basically, "So what?" You have not proved that the lender's check went specifically for these purposes. However, the examiner, who initially agreed with that formulation, had changed his mind after hearing all the testimony. When the Caucus lawyer objected that the securities approach was inappropriate for this business, he agreed. The examiner noted there had been no testimony on the issue of the exemption to which Caucus was entitled, as a non-profit corporation under Maryland law, even if the transaction were affirmed to be a security sale. But Mrs. McCafferty said, "Even if they qualify for an exemption, it is our position that they are not entitled to it because of the way they've been behaving." She said they needed a "great deal more fact finding before they agreed that Caucus was indeed a not-for-profit corporation." The examiner requested that a further affidavit concerning the transaction be submitted by Caucus within the week and that briefs on the points of law involved should be submitted within 30 days. His ruling two weeks later would constitute merely a recommendation to the Securities' commission.

It is believed that Democratic Party hacks are behind similar suits filed in Illinois, Washington state, and Minnesota. The Illinois attorney-general, an outspoken opponent of LaRouche Democratic nominees Mark Fairchild and Janice Hart, has announced through the press his intention to seek an injunction against the distribution of political materials by Caucus Distributors. This could backfire politically.

Five years ago, the Illinois attorney-general shut down the Illinois Anti-Drug Coalition which was distributing the publications *Dope, Inc.* and *War on Drugs* magazine. The state's population thus learned who was interested in protecting *Dope, Inc.*—in part reflected in later victories by the "LaRouche Democrats."