

Shut Down Dubai's London-Saudi Drug and Terror Cesspool

by Michele Steinberg

Dec. 10—When international financial circles shuddered on Nov. 26, at the announcement that Dubai World, the sleazy, global real estate swindle that served as a facility for money laundering, was calling a “time-out” on paying billions of dollars on corporate bonds, Dubai, in the United Arab Emirates, became the center of media attention. But nowhere, save the publications associated with Lyndon LaRouche, did the gloves come off to identify Dubai as the pivot for British-controlled Afghanistan drug trafficking—a black market beyond black markets; the place where every piece of filth, including Saudi filth, can run through banks and real estate markets—detected, but undisturbed.

Dubai is the gateway to the world for terrorists, drug mafias, weapons smugglers, herders of slaves—both sex slaves and slave labor. Here is where Osama bin Laden received \$50 million in a single bank wire from wealthy Saudis in the late 1990s; here is where A.Q. Khan, Pakistan's nuclear black marketeer, operated freely; here is where arms traffickers to terrorists, including Viktor Bout, were safely ensconced; here is where the deadly attack on Mumbai, India, of November 2008, was financed through mafia-kingpin Dawood Ibrahim; here is where the Afghan narco-billions go to be disbursed to the terrorist enemy that President Barack Obama is supposedly fighting in Afghanistan.

LaRouche nailed the Dubai profile when speaking

to colleagues on Nov. 29 about the moves by Britain's Queen Elizabeth II to use the British Commonwealth and the Copenhagen Conference's climate change hoax to reassert the British Empire worldwide, at the very point that Dubai was imploding.

LaRouche said, “Now what this means ... [is] the entire monetary-financial system, in its present managed form, is now doomed. Everybody knows it, or should know it. And what they arranged was to try to create a sleight of hand around this Dubai mess.

“What's Dubai? \$60 billion? What are you, crazy? It's the international drug trafficking! The center of the international drug traffic is Afghanistan! And the southern part of Afghanistan, where the British troops are occupying and managing the territory, and running the terrorists, is the center of this operation. The drug trafficking! Every piece of filth in that entire region, of financial and related filth, and Saudi filth thrown in, is running through this Dubai pivot. People will go out of Afghanistan, and they will take their ill-gotten gains and they will cash in, in Dubai. So, Dubai is a market, for a black market beyond black markets.”

The Hong Kong Model

Thirty-one years ago, in 1978, *EIR* published the first edition of *Dope, Inc.*, a book that had two subsequent editions, in 1985 and 1992, and which remains

the paramount case study on how drug-money laundering and the investment of this dirty money drives the international narcotics trade, from planting to harvesting to smuggling to retail sales of deadly heroin and other mind-destroying drugs. Focusing on Hong Kong, then a British Colony, and the center of the world-wide, cartelized heroin trade, run as one of the largest global corporations (without “registration”), *Dope, Inc.* was the primer on money laundering in the age of electronic wire transfers



Courtesy of Nakheel

Dubai’s “tourist and real estate paradise” became the biggest repository for hot money on the planet. The bankruptcy of Dubai World in November, and the government’s refusal to bail it out, signalled that “the era of sovereign defaults has arrived,” said Lyndon LaRouche.



EIR’s “underground” best-seller warned as early as 1978 that drug trafficking and terrorism could never be stopped, unless governments shut down the banking side of the operations. Dubai today is a perfect target for investigation and action.

and British offshore banking centers. It is also the seminal book on narco-terrorism. The second edition of the book elaborated the point that the illegal narcotics trade was the backbone of global terrorism and asymmetric warfare.

Dope, Inc. explains: “The British oligarchy’s banking operations—including the Boston-New York ‘Tory’ banking establishment of the United States, have the following qualifications:

“1. They have run the drug trade for a century and a half.

“2. They dominate those banking centers closed off to law enforcement agencies.

“3. Almost all such ‘offshore’ unregulated banking centers are under the direct political control of the British monarchy and their allies.

“4. They dominate all banking at the heart of the narcotics traffic; the Hongkong and Shanghai Bank, created in 1864 to finance the drug trade, is exemplary.

“5. They control world trade in gold and diamonds, a necessary aspect of ‘hard commodity’ exchange for drugs.

“6. They subsume . . . the full array of connections to organized crime, the pro-drug legislative lobby in the United States, and all other required elements of distribution, protection and legal support.”

Hong Kong left British hands in 1997, more than 110 years after control of it was consolidated by the British after the First and Second Opium Wars (1839-42 and 1856-60) against China. But the notorious Hong Kong and Shanghai Banking Corp.—the giant now known as HSBC—which was the global clearinghouse for heroin traffic throughout the 20th Century until the late 1990s, had global reach by 1997, and quickly came to dominate Dubai.

“HongShang,” as it was called in 1978, was the first foreign bank to be granted status to operate in the United States. But rather than conforming to U.S. laws, the British financial oligarchy, through manipulation of political forces, used HongShang as a beachhead to *transform* banking in the United States to become the criminal global casino that it is today. The U.S. banking system fully and knowingly participates in the Dope, Inc. global money laundry. If any country deserves to be labelled an outcast for harboring terrorism, it is Dubai, the second-largest of the Emirates that make up the U.A.E. But this former British protectorate, freed only in 1971, has led a charmed existence, immune from law enforcement.

That’s because, to go after Dubai, would be to go after the British financier oligarchy. Dubai is no sovereign—it is a creation of the Anglo-Saudi deals that *EIR* has exposed with the BAE bribery case, involving Prince Bandar bin Sultan, the British, and the network of Saudi intelligence agents involved in 9/11.

But since 9/11, the negligence by George W. Bush and Barack Obama in covering up for Dubai and the British-run opium trade in Afghanistan is nothing short of treason. These two U.S. Presidents have willfully protected the British operations that manage the world opium and heroin trade—from the fields of Afghanistan, under the noses of 100,000 U.S. and NATO troops that are not permitted to do anything to stop the trade that finances al-Qaeda and the Taliban, to the money-laundering capital of Southwest Asia—Dubai.

Why is it that Obama’s envoy for Afghanistan and Pakistan, Richard Holbrooke, called a halt to *all drug eradication programs* in Afghanistan, when it is *known*, and was stated, even by then-NATO Commander Gen. John Craddock, that the opium trade is financing the enemy in Afghanistan? The fact that Holbrooke has been



a business partner of George Soros, the British-created banker and international face of drug legalization, and that Soros was the sugar daddy behind Obama’s springboard to the White House, in financing his 2004 Senate campaign, must be investigated as part of the answer.

Why is it that, in 2006, the Bush Administration cleared Dubai Ports World, which is wholly owned by the Dubai government, to take over six U.S. ports that had been previously run by the British firm Peninsular and Oriental Steam Navigation Company (P&O), and even praised Dubai for its help in fighting terrorism? P&O was taken over by Dubai Ports World in February 2006. When Congress moved to block the takeover, specified in a letter from Sen. Chuck Schumer (D-N.Y.) to George W. Bush, Bush threatened to veto any legislation that tried to block Dubai Ports World. “It would send a terrible signal to friends and allies not to let this transaction go through,” Bush said. Schumer had raised the issue of Dubai’s connection to 9/11 terror—already identified in the investigation of the 9/11 Commission.

Defense Secretary Donald Rumsfeld went even further in defending Dubai: “We all deal with the U.A.E. on a regular basis. It’s a country that’s been involved in the global war on terror.”

The crisis ended without a Presidential veto, when Dubai Ports World sold all the P&O port operations that it had just acquired to American International Group—



Creative Commons/John Hill

The legacy of the British Opium Wars remains today, focussed in Afghanistan but radiating worldwide. Here, an opium smoker from the Akha ethnic group, who live mostly in China and Southeast Asia.

the same AIG that would require \$168 billion in government bailouts less than three years later.

What Is Dubai?

For LaRouche, the Dubai collapse was not a shock, but a manifestation of the collapse of the global financial system, which LaRouche had identified since July 2007. On Nov. 28, LaRouche wrote: “It was Thanksgiving Day 2009, which caught the U.S.A. sleeping: the day western Europe threatened to be overtaken by an echo of Autumn 1923 Germany—from Dubai! This is a study which can not be competently concluded without reliance on my 1996-2009 treatment of what I have named as ‘The Triple Curve’ method, the method required for understanding the way in which the great global monetary crisis of the post-World War II period to date, actually developed. The special case of 1923 Weimar Germany, is the model case to be studied in preparing specialists for the way in which the post-April 1945 pattern of post-World War II developments has come to the present point of a global breakdown-crisis of the world’s presently, hopelessly bankrupt, world monetary system.”

Dubai’s ruler, Sheikh Mohammed bin Rashid al-Maktoum, oversaw the Nov. 25 announcement of Dubai World’s non-payment of its debt, from London, where he had just met Queen Elizabeth II, Prime Minister

Gordon Brown, Lord Mayor of the City of London Nicholas Anstee, and Tory Party leader David Cameron. “It was a good day,” Sheikh Mohammed twittered.

Beginning some ten years earlier, Sheikh Mohammed made Dubai available as the biggest repository for hot money on the planet. It was all to be done under the cover of the biggest tourist and real estate boom in history, complete with the world’s tallest building. Some reports say he boasted that Dubai would attract 10 million tourists a year, others that he said 15 million. The number of actual tourists is not known, but it is suspected to be far lower. In any event, the large amount of cash and commodities that would be required to service a mega-tourist trade, provides a good fairy tale to disguise

money laundering.

Now it’s over. On Nov. 29, 2009, the second shoe dropped: Dubai’s government, and its moneybags, the Abu Dhabi government, both members of the U.A.E., announced that the debts of Dubai World would *not* be bailed out by the U.A.E. Central Bank or the government. LaRouche then warned that “the era of sovereign defaults has arrived.”

Dubai is no Hong Kong, which is a bustling, centuries-old trading and population center. It is a barren strip of sand, whose limited oil and gas resources were already used up in the 1990s. The number of Dubai nationals is less than 500,000, enhanced only by hundreds of thousands of imported slave laborers, who are treated like animals. But Dubai was set up to play the same role for Afghanistan’s opium, and terrorism in Southwest and South Asia and in Africa, that Hong Kong played for heroin in Southeast Asia for the British, until 1997. As in the case of Hong Kong, the key banking institution in Dubai was HSBC—which had centuries of experience in running the opium and heroin finances.

Dubai’s existence depends on the largesse of the British financial empire, Saudi Arabia, and former British protectorate Abu Dhabi, the largest of the seven Gulf emirates, and headquarters of the U.A.E. Central Bank. Trillions of dollars of laundered criminal money have passed through Dubai, creating a real estate bubble.

The fallout continues. On Dec. 8, the Arabic press highlighted the fact that the Dubai, Abu Dhabi, and Saudi stock markets are continuing to plunge, with Dubai -6.2%, Abu Dhabi (the cash cow for Dubai) -3.4, and Saudi Arabia -3%. The previous day, Dubai was down 6.5%. This is believed to be just the beginning of the Arab and British exposure.

Things were made worse, when Abdulrahman al-Salih, chairman of the Dubai State Financial Department, told al-Arabiya TV on Dec. 7, that the government of Dubai will support the Nakheel company (Palm Island, part of Dubai World), but *will not guarantee* its debt.

This would leave British and Saudi banks out in the cold—or, more appropriately, in the heat—as the assets of Nakheel and other real estate companies in Dubai have become worthless. Al-Salih explained that Nakheel's creditors now own “assets” in return for the money they loaned!

An example of such a comic, but real, asset-transfer, is given in the Dec. 7 Bloomberg news report: “Nakheel creditors may win the right to seize a strip of barren waterfront land the size of Manhattan if the company defaults on the \$3.5 billion bond backing the development ... part of the Dubai Waterfront project, where Nakheel plans to build a city twice the size of Hong Kong Island. The site is empty except for a cluster of partly finished low-rise buildings, idle cranes, and a few roaming camels.”

The Terror Nexus

As the bankers' panic continues, the Dubai World case provides the perfect opportunity for the United States, especially in context of the Four Powers (U.S., Russia, China, and India) alliance that LaRouche has recommended, to shut down international terrorism and the drug traffic that funds it. It is sovereign nation-states against the London-Saudi drug and terror nexus. And Dubai could be the key to the puzzle. There is hardly a major terrorist operation in the last decade and a half, notably 9/11, that did not involve Dubai. Some of these are summarized here:

Money Laundering and Terror Financing

“Whether it's drug smuggling, people trafficking, or money laundering, all roads lead to Dubai,” says John A. Cassara, who served for 26 years in U.S. Treasury Department, and has written about Dubai's dirty money

and the Afghanistan opium trade in numerous articles, and in his 2006 book, *Hide and Seek*.

After 9/11, as Afghanistan opium production got bigger and bigger, under the noses of the British military occupation in southern Afghanistan, so did the cash flow into Dubai. The “world's biggest washing machine,” writes journalist Misha Glenny in *McMafia*, his 2008 book on the global criminal underworld. This washing machine was facilitated by the opening of the Dubai International Financial Centre (DIFC) in 2005, a zone where foreigners could own 100% of companies and properties in Dubai, and where everything is tax free, and there are few rules.

Many of the world's largest banks operate in Dubai, especially in the DIFC: Abbey National Offshore, HSBC Offshore, ABN Amro, ANZ Grindlays, Banque Paribas, Banque de Caire, Barclays, Dresdner, and Merrill Lynch. Dubai wants more. The DIFC boasts that it is “designed to span the time zones not covered by New York, London and Hong Kong. It will complete the missing quarter [of the world] in the 24 hour, 7 day week, global financial system.”

That the DIFC was born in 2005 is even more significant, when overlaid on the rise of Afghan opium production: 2002, 3,400 metric tons; 2003, 3,416 metric tons; 2004, 4,200 metric tons; 2005, 4,100 metric tons; 2006, 6,100 metric tons; 2007, 8,200 metric tons; 2008, 7,700 metric tons.

Alliances between the Afghanistan drug warlords and the Islamic mujahideen date back to the protracted 1980s warfare against the Soviet Army. One of the two most prominent members of this drug warlord/mujahideen nexus is Gulbuddin Hekmatyar, who is now battling U.S. and NATO troops, from bases along the undemarcated Afghan-Pakistan border.

But in those early days, opium production was a mere 1,500 metric tons a year, and Hekmatyar and others carefully confined their interaction to local drug traffickers who would pay them cash and carry the stuff away. In the late 1990s, when Taliban supremo Mullah Mohammad Omar took control of Afghanistan and brought in the al-Qaeda group, Saudi millionaire and Islamic fundamentalist Osama bin Laden, exploiting his extensive contacts in the Gulf Emirates, developed a powerful link with the international drug cartel, gun traffickers, and underground money-laundering network—in Dubai. *Vanity Fair* author Nick Tosches pointed out in 2006 that visitors arriving in Dubai are immediately hit with signs announcing “Bin Laden Construction.”



FEMA

Dubai was a hub for wiring money from Osama bin Laden and others to the accused 9/11 hijackers. Shown: search and rescue operations at New York's World Trade Center.

The 9/11 Terrorist Connection

Dubai's role in the Osama bin Laden apparatus, and the Saudi-linked 9/11 terrorist attacks is too extensive to describe here, and the documentation can be seen, in part, in the report of the 9/11 Commission, which was released in July 2004. (There are 28 pages redacted from the 9/11 report, that deal extensively with Saudi Arabia, and possibly also with al-Qaeda financial transactions in Dubai.) However, a few examples suffice to show that the case against Dubai is indisputable.

Two reports indicate that in 1999, the U.S. State Department, CIA, and National Security Council were in Dubai investigating a transfer of \$50 million to Osama bin Laden through the Dubai Islamic Bank; the money came from wealthy Saudis in a single transfer. On July 8, 1999, the *New York Times* reported that the CIA had information about this transfer of funds, and that bin Laden's accounts had been given the approval of the officials who control that bank. U.S. law enforcement and intelligence officers were able to pin down hundreds of thousands of dollars wired from Dubai and the U.A.E. to the accused 9/11 hijackers, including Mohammed Atta, Marwan Alshehhi, Nawaf Alhazmi and Khalid Almihdhar. Most of these transfers are attributed, in the report of the 9/11 Commission, to Ali Abdul Aziz Ali (a.k.a. Ammar al-Baluchi), a nephew of accused 9/11

mastermind Khalid Sheikh Mohammed.

Eleven of the 19 hijackers of the 9/11 attacks came to the United States either from, or through, Dubai. The 9/11 Commission report indicates that several of the 9/11 hijackers were working for Afghanistan's Ariana Airlines in Kandahar in Summer 2000, where they may have been trained in airline operations. By that time, reported the 9/11 Commission, Ariana Airlines was the vital link for al-Qaeda's logistics, and the Kandahar Airport was under the control of al-Qaeda and of the aircraft companies controlled by Russian mafioso Viktor Bout.

Victor Bout: The Russian Mafia Connection

When the al-Qaeda/Dubai connection developed in the 1990s, one of the first moves that Osama bin Laden made to link up his jihadi group with the sleazy international underground was to take control of the Afghan national airline, Ariana. As a former U.S. National Security Council official told a reporter, Ariana became a key node in al-Qaeda's infrastructure. The network used Ariana to move everything that was useful—money, personnel, and matériel.

Soon enough, Ariana changed from being a passenger to a cargo airline. The planes would return from the U.A.E. loaded with weapons, said Julie Sirrs, an Afghanistan specialist at the U.S. Defense Intelligence Agency during the Clinton Administration. It was mostly Soviet weapons, small arms—Kalashnikov rifles and RPG-7s (shoulder-fired antitank rocket launchers). While the weapons would come in from Dubai, and later from Sharjah, the planes carried tons of opium back to Dubai. Agents of al-Qaeda in Dubai would take control of the drugs, contact the drug-trafficking network, and purchase weapons using some of that money.

Ariana's schedule became something of a deliberate hit-or-miss proposition. That gave them the flexibility they needed to move illicit cargo.

A frequent stop was Sharjah, one of the Emirates, 20 miles outside of Dubai. There, al-Qaeda's benefactor was Russian mafioso and gun-runner Victor Bout, who set up the hub of his international weapons-trafficking and smuggling operations there in 1993.

Bout, who was arrested earlier this year in Thailand, developed contacts with the Taliban in August 1995, when the Taliban was in opposition to then-President Burhanuddin Rabbani's government in Kabul. One of Bout's planes, flying under the banner of the Trans Aviation Network (TAN) from Albania via Sharjah, and transporting small arms and military equipment to Rabbani, was intercepted by a MiG-21 and forced to land in Taliban-controlled territory, according to the International Consortium of Investigative Journalists (ICIJ). Soon thereafter, Bout became the arms supplier for the Taliban and any other narco-terrorist army—from South Asia, to Africa, to South America. In fact, Bout was arrested in a deal in which he was selling arms to an undercover U.S. Drug Enforcement Administration agent he thought to be with the narco-terrorist Revolutionary Armed Forces of Colombia (FARC).

In addition to Bout, who would supply arms for cash, the Taliban and al-Qaeda needed an underground kingpin to sell the drugs and launder the receipts. Enter Dawood Ibrahim.

Dawood Ibrahim and Terror in India

Mafia don Ibrahim, in Mumbai in the 1980s and early 1990s, was always a gold and drug trafficker. He fled India for Dubai following the March 12, 1993 bombings of the Bombay Stock Exchange, which killed hundreds of Indians and injured over a thousand more. It is said that Dawood's syndicate, under control of the Pakistani Inter-Services Intelligence (ISI), has consistently aimed to destabilize the Indian government by inciting riots, terrorism, and civil disobedience.

Dawood, who has been designated a terrorist by the Office of Foreign Asset Control (OFAC) in the U.S.



Worldwide news coverage of the Mumbai bombings of November 2008. Mafioso Dawood Ibrahim's connections in Dubai helped finance and support the terrorist assault that killed 207 people.

Treasury and by many other governments, is a pioneer in the criminal-terrorist-jihadi nexus. For many years, he has provided the criminal links that al-Qaeda, the Taliban, and Pakistani terrorist groups needed to move money, personnel, and equipment. Despite how well known his activities are, he has never been apprehended.

The U.S. Treasury Department's description of Ibrahim says, in part, that his criminal syndicate is involved in large-scale shipments of narcotics in the U.K. and western continental Europe. The syndicate's smuggling routes from South Asia, the Middle East, and Africa are shared with Osama bin Laden and his terrorist network. Successful routes established over recent years by Ibrahim's syndicate have been subsequently utilized by bin Laden. A financial deal was reportedly brokered to facilitate that arrangement. In the late 1990s, Ibrahim travelled in Afghanistan under the protection of the Taliban. Information, from as recently as Fall 2002, indicates that Ibrahim has financially supported Islamic militant groups working against India, such as Lashkar-e-Tayyiba (LeT).

It is evident that Dawood Ibrahim provided his support network in Mumbai, and elsewhere in India, to the



U.S. Air Force/Cpl. Sean K. Harp

Afghan police officers and U.S. troops discover 600 pounds of opium earlier this year, in Helmand Province. Dubai has become a smuggling capital for drugs from Afghanistan that are headed for the West.

terrorists who attacked two posh Mumbai hotels, an Orthodox Jewish community's office *cum* residence, and the main Mumbai railroad station, in November 2008. The Indian investigation showed that the LeT—which the U.S. Treasury had identified as one of Dawood's beneficiary terrorist groups, operating within, and from, Pakistan—was among the leaders in the Mumbai assault.

But Dawood's usefulness to the terrorists does not end with his ability, or willingness, to finance them directly. More importantly, his network brings a lot of drugs to Dubai by means of his "mules," protected by the intelligence agencies and his beneficiaries. It is said that the containers that carry large equipment sent to Dubai from Kandahar and elsewhere in southern Afghanistan for repair, also contain drugs. The drugs are converted to cash in Dubai, where Dawood maintains a palatial residence, similar to the one he enjoys in Karachi, Pakistan.

Dawood Ibrahim is a killer, and one who is protected by London, the mother of the Saudi/ISI/Dubai nexus. His crimes include running the 1993 Bombay Stock Market bombing that killed 250; the 1999 Air India hijacking, where hundreds of hostages were exchanged for British terrorist Ahmed Omar Sheikh, who later murdered journalist Daniel Pearl in Pakistan; the 2006 Mumbai train attack in which 207 were killed and 600 injured; and the spectacular 2008 sea-launched com-

mando attack in Mumbai that killed over 100 people and injured over 200 in more than ten coordinated shooting incidents.

There are many other crimes of Dubai that cannot be detailed in this article: how the *hawala* money-transfer system has become a multibillion-dollar transfer capability, used to launder and hide funds. There is also the intricate network of Pakistani nuclear proliferator A.Q. Khan, who used Dubai for a number of front companies, and there is Dubai's organized traffic in human slaves.

Dawood Ibrahim is still at large, as are Osama bin Laden and other al-Qaeda leaders. The opium-fed insurgency in Afghanistan has grown far larger than it was in October 2001, when the Taliban and al-Qaeda fled

from the U.S. attack into Pakistan, after only a few weeks.

John Cassara writes, in an article titled "Afghanistan's Drug Menace: Why Can't We Follow the Money" (July 31, 2007, www.johncassara.com): "A South Asian businessman with ties to the underworld finance in the region told me, 'Don't you know that the terrorists are moving money and value right under your noses? But the West doesn't see it. Your enemies are laughing at you.'"

Not only is Dubai key for money, Cassara explains, but as the largest port facility in Southwest Asia, it is a smuggling capital for goods and gold, as well as the drugs that are sometimes used for currency.

"Understanding and following these culturally opaque money and value trails will hurt terrorists more than any tactical battlefield victory," writes Cassara. "We will never win the War on Terrorism or the War on Drugs if we continue to go after the endless supply of terrorists and narcotics. It is time to fight smart and, by doing so, we will stop the profit—and the laughter—of our enemies."

In 1978, LaRouche and the authors of *Dope, Inc.* already warned that drug trafficking and terrorism could never be stopped unless the banking side—especially the offshore banking side—were gone after. In *EIR*'s view, the War on Drugs has not been "lost"; it has never been fought.

The Dubai case could win that war.