

#16 Jack Blum: \$14 million lunch

Jack Blum: It was one of these situations where I knew way too much.

Naomi Fowler: This is Jack Blum: the Corruption Diaries from the Tax Justice Network. I'm Naomi Fowler.

Jack Blum: We had enough hearings on money laundering and they were pretty riveting hearings.

Naomi Fowler: In 1986, Jack Blum appeared extensively before the Senate Select Intelligence Committee to talk about the Contras and cocaine trafficking.

Jack Blum: Then we began to start getting information about Noriega and just all of the craziness that was going on in Panama, as well as the issue of what was happening to money that was passing through Panama. And that really opened the door to the BCCI investigation, and here, here's where things got extremely interesting.

We've heard a bit about Steven Kalish in the previous episode. He was a drug smuggler who became a key witness in congressional hearings. When he talked about moving money through Panama, the name BCCI came up, the Bank of Credit and Commerce International. It immediately struck Jack as an important detail.

So I figure I better learn more about the bank and how it's doing its business. I went back to the guy who had put me in touch with Attock Oil when I was in private practice. And he said, oh yeah, yeah, a contact that in fact you may have met before is now working as a Senior Vice President for BCCI in Miami. Why don't you meet with him and talk to him? The guy was absolutely desperate. He was anxious to get out of the bank. He said, this is a criminal enterprise from top to bottom. He said, I've got to get out of there before everybody winds up going to jail. Their basic business is banking for criminals. And I, I don't want anything to do with this. And he was a very interesting guy because he had worked for, I think it was the Inter American Development Bank, he had a rather legitimate resume and he found himself in the middle of what was a major criminal operation.

So he's telling me about that. And while that's going on, I find out that the DEA had a major sting underway and this was about the Miami office of BCCI. And here an agent of DEA had discovered that that office was offering money laundering services and they had set up an elaborate sting operation which was to revolve around a supposed wedding. And one of the undercover agents for DEA, a man named Robert Mazur, was going to be marrying, I put that in quotes, another undercover operator, and they were inviting all of these important drug traffickers from Colombia to come to the wedding. And that was all going to happen in Tampa. That was going to be the takedown of this great undercover operation that DEA ran was scheduled for George H. W. Bush's campaign drug week, where they were going to show what a tough guy Bush was in enforcing the drug laws.

The undercovers were infuriated because a) it became apparent that information about this whole undercover operation had leaked. They didn't know to who and how far, but that too

many people knew about it. But secondly, that they were being used as political set up in the middle of a campaign that had a lot of discussion of drug issues. They were really upset and thought maybe they'd be undone by what was happening here.

I was being informed of everything that was going on because I knew some of the people who were involved. The, the more I knew about it, the more appalling it was. And there was a guy who turned up in the middle of it, there were several people who turned up in the middle of it who sort of added to the drama. One of the officers of BCCI had an intermediary call me and say he was eager to talk to me. Would I meet with him? And he'd like to do it in New York. We arranged a meeting in New York, he was going to fly up to New York so we could meet, and he would tell me all about what BCCI was up to. So I arranged this meeting. We met at the Intercontinental Hotel in New York. And he goes on and on about how he's one of a number of officers that has knowledge of all of this, but the guy who really has knowledge of it is Mr. X, and he's going to get Mr. X to come talk to me, if only I go along with him and I, I protect his identity. I call that the \$14 million lunch because we later learned that this guy then sent a memo to the senior management of BCCI saying 'Blum knows everything. If I don't get paid 14 million, he's gonna find out all the details and have all the evidence. And you'd better pay me or this is really gonna happen!'

There was later an indictment over this attempted shakedown and I testified before a grand jury in, in Manhattan on this subject. Fortunately, I paid for the lunch, and fortunately I had a woman who was working with me who was there at the lunch as witness so there was no question about what had happened and what went down.

There was the second thing that happened, a guy turned up in my office, and how much of this is serendipitous is hard to imagine, but a guy turned up in my office, and he said he had been working for BCCI in Miami and that he was terribly angry with them. And he wanted to unload and explain why he was angry. Okay, tell me your story. And the story was this. He said, I was a driver for the BCCI in Miami. They gave me a limo and my job was to drive around Miami and pick up mail bags filled with money and I was to take that back to the bank where it would be deposited. He said, they were paying me minimum wage and on a typical day I had enough money in the trunk of this limo that there'd be a hundred people in Miami line up to shoot me so they could take the cash, and how they could continue to pay me minimum wage is embarrassing. Then he said, I kept asking them for a raise and they told me no, to go, go to hell. So then I asked them, well, how do they account for the fact that they have all of this cash? He said, oh, that's easy. They say that it's coming from the branch in the Bahamas. And this money is really money being repatriated from one foreign bank back to the U.S. and it's actually being deposited as proceeds from the Bahamas. And to cover it from the Bahamas end, they have a guy in the Bahamas who cuts up waste paper, stuffs it in these bags, and ships it to Miami from the Bahamas and declares it at customs as cash. And of course no one would suspect that declared currency would be waste paper. And it now is perfect evidence or a trail from the Bahamas back to Miami so when they tell the story it makes sense. There was only one problem. BCCI did not have a branch in the Bahamas. That was a bit of a problem. And all of this added up to a completely rancid, corrupt operation.

We go through all of this. We begin to lay out some of what has gone on with BCCI, but nobody wants to go any further. Nobody seems to care about prosecuting or looking at the

larger picture of how this bank is just riddled with corruption. I'm being told that my work with the Foreign Relations Committee is coming to an end because the life of the subcommittee is coming to an end, and there really isn't time to do these things, so forth and so on, and you know, would you kindly go about your business and be done with it.

It was coming from all sides and I later found out that BCCI management spent they said, twenty some million dollars lobbying to make sure the investigation was shut down before it went any further. They had a former Senator who was lobbying, a former Democratic Senator from Iowa who was lobbying for them, and they had contacts with very senior Republicans. It was both sides. Everybody was getting pressure to, you know, cool it, cool it.

Naomi Fowler: The Corruption Diaries is a production of The Tax Justice Network, made by Naomi Fowler and Jo Barratt. Interviews with Jack Blum were recorded over several days at Jack's home in Maryland by Zoe Sullivan.