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9 December 1986**JACK ANDERSON and JOSEPH SPEAR****How CIA Moved Some Arms-Deal Money**

The CIA's money-laundry operators could teach the Mafia a thing or two about offshore banking techniques. So it's hardly surprising that the agency has been implicated in the intricate financial finagling that transformed Pentagon military hardware into cash for the Nicaraguan contras by way of Israel, Iran and Switzerland.

In the last few weeks we've been disclosing details of another subterranean money laundry the CIA set up for earlier arms deals.

Understanding how that operation—involving banks in Switzerland and the Cayman Islands—worked will shed light on the financial labyrinth created to hide the strikingly similar Iran-contras deal. Here's the money trail laid out in records obtained by our associates Corky Johnson and Donald Goldberg, with additional guideposts supplied by knowledgeable banking sources:

On the day after Christmas 1984, Michael Linden, an agent of ~~Associated Traders~~, a CIA front, wrote to the First National Bank of Maryland ordering the transfer of \$5.3 million into a Swiss account. First National was to "transfer the sum to Bank Cantrade AG, Zurich, Switzerland," for deposit in Account No. 273830. The account was in the name of a "Dr. Schaefer," presumably a code name.

The funds didn't go directly from Maryland to Switzerland, of course. First the \$5.3 million was wired from a CIA money-market account in the Cayman Islands to the Banco Sudameris Int. in Panama. The Panamanian bank telexed the amount to the Union Bank in Zurich, which shunted it to the Bank Cantrade.

Throughout the transaction, transfers were

authorized "by order of a client," an obfuscatory phrase used to protect the identity of the CIA and its front, Associated Traders. Like Switzerland, both Panama and the Caymans have strict banking confidentiality laws, which make complete financial disclosures difficult if not impossible.

"They [the CIA] went to great lengths to hide everything," said Robert Maxwell, a former officer of First National Bank.

It was the possible impropriety of such secret deals, and the fear that he might be held responsible for violations of the Bank Secrecy Act, that led Maxwell to resign from the bank. In fact, records show that the CIA asked bank officials to move the money through a different Panamanian bank when the agency suspected that federal bank regulators would uncover the fund transfers.

Similar transactions used Bank Cantrade as well as other Swiss banks. On Jan. 3, 1984, for example, the CIA deposited \$175,000 in the Zurich Handelskredit Bank; on Jan. 17 and Jan. 18, 1984, \$150,000 was deposited at the Geneva Discount Bank Ltd.

The CIA's secret accounts in the Cayman Islands are crucial to its worldwide financial wheeling and dealing. Millions of dollars are kept on deposit in these accounts, virtually impervious to congressional oversight.

What does the CIA do with all these secret funds? Associated Traders, the front involved with the Maryland bank, was running a global arms network that moved more than \$20 million worth of weapons around Europe, Asia, Africa and South America.