

By LUCY KOMISAR

Three weeks ago, a conference was held in Curaçao, Netherlands Antilles, on money laundering. Among those in attendance were two members of the Mansur family, which has gained international prominence for—you guessed it—alleged money laundering. Two other family members have been indicted by the U.S. attorney in Puerto Rico, but still enjoy life at home on Aruba, another Dutch dependency, and travel to Europe, beyond the reach of U.S. law enforcement.

The sponsors of the gathering included the Association of International Bankers of the Netherlands Antilles and the Association of the Compliance Officers of the Netherlands Antilles. The bankers and compliance officers of the Netherlands Antilles are, to say the least, not noted for rigorous action against money laundering—nor are their Dutch counterparts.

### 'Very Peculiar Way'

In 1989, when Manhattan District Attorney Robert Morgenthau started the investigation that led to his prosecution of officials of the Bank of Credit & Commerce International, he noticed that First American Bank Shares, a Washington bank, was a wholly owned subsidiary of the First American Corp., which was a wholly owned subsidiary of Credit & Commerce American Investments of the Netherlands, which was in turn a wholly owned subsidiary of Credit & Commerce American Holdings in Curaçao.

"I said, 'What's going on here?'" Mr. Morgenthau recalls. "Why is a bank in Washington owned in this very peculiar way? I talked to a friend who was an expert on banks. He said, 'Why don't you ask the Fed?' They couldn't give me an explanation. That's what got us interested. We finally got some of the records, but it took a year or two to get the material we needed, and that could be crucial in an investigation."

In the end, the answer Mr. Morgenthau found was bank secrecy. In the Netherlands and its dependencies, neither bank regulators nor law-enforcement officials—even armed with subpoenas or court orders—can get information about accounts.



Robert Morgenthau

This wasn't the first time Mr. Morgenthau would run into problems because of Dutch bank secrecy. "We had a case involving kickbacks to a vice president of ABN-Amro, the second biggest bank in the Netherlands, for sale of Third World debt," he told me. The officer was taking a "commission" and putting it in a Swiss account. Mr. Morgenthau said the Dutch "gave no cooperation." The records finally arrived, a year after he asked for them.

At the Curaçao conference, a former Dutch prosecutor acknowledged that his government does a lot of thinking about

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money laundering, but very little doing. The Mansur case is emblematic. In the late 1980s, an investigator for Sen. John Kerry (D., Mass.) interviewing drug traffickers in a West Miami prison kept hearing about the Mansurs. "Who are the Mansurs?" he would ask. Answer: "The big family in Aruba we used for laundering money and moving cocaine."

"Aruba has rented itself out to the bad guys," a U.S. government official told me. Money laundering is the island's biggest source of hard currency. When the U.S. froze Panama's assets before the overthrow of Gen. Manuel Noriega, a lot of money moved from Panama to Aruba. This island of 68,000 residents has had \$1.4 billion flow through its financial institutions in the past five years. Over three years in the early 1990s, \$30 million went into Aruba from the U.S.—vs. \$1 billion in the other direction. Transfers to the U.S. last year alone were more than \$300 million.

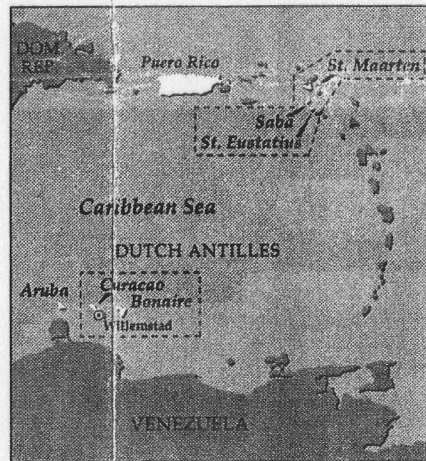
A former federal prosecutor who worked on money-laundering cases says that Aruba, because it is near Colombia, has been a site for meetings between wholesale traffickers and people from the financial industry in both hemispheres who solicit the dirty money for their institutions. "Aruba is a playground for the Colombian and Venezuelan wealthy," he explained. "It's close. There's gambling, beaches. They mix business with pleasure."

A 1996 State Department report found that "drug traffickers have penetrated the highest levels of society and government institutions" in Aruba. A Dutch government commission last November echoed the findings: "The island has fallen prey to powerful families that not only dominate its economy but use Aruba to benefit South American drug cartels . . . and use the government as errand boys." The commission recommended the firing of Aruba's police chief and his top aide.

Foremost among those powerful families is the Mansurs, who built their for-

tune on liquor and cigarettes; they own Marlboro factories in Aruba and Curaçao, as well as the Aruba-based Interbank and much of Aruba's free-trade zone, where there is no customs inspection. They also have Florida shipping interests.

In 1994 the U.S. indicted cousins Eric and Alex Mansur for using Interbank to



launder money from Colombian drug sales in the U.S. But U.S. authorities can't arrest them, because Aruba has not passed an "implementing resolution" for the U.S.-Dutch extradition treaty. Last year the same men reportedly funneled \$500,000 in campaign cash to Colombian President Ernesto Samper through the

wife of a jailed Cali cartel boss. Mr. Samper denied it. The Mansurs subsequently were awarded a monopoly for Colombian gambling, which was canceled last month by a government watchdog agency that smelled impropriety.

After the Dutch report, the Aruba government did fire the two police officials. It also proposed an extradition law—which, critics say, is so convoluted that it seems designed to prevent accused criminals from being extradited.

Could the Dutch do something about Aruba and Curaçao, as well as their own practices? They say they can't control the islands' domestic activities. But the Aruban attorney general is always a Dutch national seconded there by The Hague. Moreover, the Dutch government indisputably has control over foreign-policy questions—and money laundering is international. In short, the Dutch government could act if it wanted to.

### 'High-Level Concerns'

The former prosecutor says he found "high-level concerns in the Netherlands" over whether cooperating in rooting out money laundering might undermine the nation's financial sector: "A lot of good, well-intentioned members of the law-enforcement community in Holland and Aruba feel frustrated, because they are not able to as enthusiastically as they wish join in joint endeavors in money-laundering cases." That means they can't follow a lot of drug money.

Mr. Morgenthau's solution: "The U.S. could say we won't permit foreign banks to open branches in New York if they insist on bank secrecy. We could say: You can't do business in this country."

Mr. Morgenthau plans to keep seeking indictments of criminals who launder money through his jurisdiction. But the real answer, as he recommends, is to end the system of bank secrecy, which caters to criminals, corrupt politicians and tax cheats. American bankers, business leaders and government officials need to stop pretending that hard-to-monitor reporting of self-defined suspicious activities will stop the growing world-wide criminal exploitation of banking secrecy. Otherwise, whenever one Mansur family is routed, another will quickly take its place.

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Drug Smugglers' Dutch Treat