

## Drug Smugglers' Dutch Treat

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

to cooperate. 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

criminals and 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-

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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

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



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



Robert Morgenthau