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Cocaine and Cutouts: Israel's Unseen Diplomacy

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The revelations came, in April 1988, when nobody wanted to hear them. By then the Iran-contra affair had been neatly tied up, with its celebrated perpetrators moving toward their day in court.

Public attention had turned to Gen. Manuel Antonio Noriega, strongman of Panama, and to the flood of narcotics engulfing the United States. In February a Florida grand jury had indicted Noriega for taking bribes to make Panama a haven for the Medellin Cartel, Colombia's leading narcotics syndicate. Some U.S. officials said he was responsible for most of the cocaine entering the country.¹ Much of the information on which the indictment was based had been supplied by Jose Bandon, a former intelligence aide to Noriega.

In April, Bandon testified before a Senate subcommittee, telling how Noriega made millions selling protection to Colombian drug traffickers. Through a translator he talked about the Harari Network, a group of Israeli, U.S. and Panamanian citizens assembled in 1982 by Mike Harari, a top aide to Noriega. The group's purpose, said Bandon, was to provide arms to the contras, a force assembled by the CIA to overthrow the Nicaraguan Government. In addition to bringing East Bloc weapons to Central America, Bandon testified, the Harari Network also moved narcotics from Colombia to the thriving U.S. market, using the same Costa Rican airstrips and aircraft it employed to deliver arms.

Sen. John Kerry, (D-MA) chair of the Subcommittee on Narcotics, Terrorism and International Operations of the Foreign Relations Committee, asked Bandon if it was a matter of the guns going in one direction and the drugs in the other. "*Exactamente,*" answered Bandon. "Did the drugs sometimes go alone?" asked Kerry. "*Exactamente.*"²

Soon after, reporters, aided by a disaffected Mossad agent and a Harari Network pilot, pieced together more of the story. The Harari operation had been set in motion by the Reagan Administration and the government of Israel,³ which, in 1982, had established a secret military cooperation program for Central America.⁴ The operation was loosely connected to a second network, dubbed the Arms Supermarket, set up in Honduras by:

operatives of the Israeli Mossad, senior Honduran military officers now under investigation for drug trafficking, and CIA-connected arms dealers.⁵

In closed-door testimony before Senator Kerry's subcommittee and in interviews, Richard Brenneke said that start-up funds, aircraft and pilots had been supplied by the Medellin Cartel.⁶ ABC Television News reported that Israel had provided \$20 million for the Harari Network, which was later reimbursed from U.S. covert operations funds.⁷

Brenneke says he worked for a decade as an occasional contract agent for Mossad, the Israeli secret service, and for the CIA, until he became disgusted with the narcotics end of the Harari Operation. According to Brenneke and to "Harry," a pseudonymous pilot interviewed by ABC, after delivering weapons to airstrips in northern Costa Rica and El

Salvador, the Harari Network sent empty aircraft to Colombia, loaded them with cocaine, flew them to Panama and from there, with perhaps some stops at secret Central American air fields, into the U.S.⁸

"I guess you'd have to say at that time, I felt my primary employer was Israel. Secondarily, my employer was the U.S. of America," said "Harry."⁹ According to Brenneke:

Typically, the drugs were run through Panama and into the United States. The pilots were in most cases working for the cartels. If the shipments were extremely sensitive, you'd see Israeli pilots and aircraft.¹⁰

Shortly before the U.S. November elections, Brenneke lost credibility when he claimed, without substantiation, that he had been present at an October 1980 meeting in Paris at which George Bush and William Casey, representing the Reagan campaign, paid Iran \$4 million to keep the Tehran Embassy hostages until after the 1980 elections. The CIA also denied that Brenneke had ever worked for it.¹¹

Brenneke has offered some credible documentation about his activities with the Harari network and about some aspects of the Reagan Administration's sale of arms to Iran. After two lengthy telephone interviews, it became clear that he knew a good deal about Israel's operations in Central America. It also was apparent that he was acquainted with some members of a group of Israelis and "international businessmen" arrested in April 1986, in a Customs Service sting, and who are soon scheduled to go on trial in New York for violating arms export laws.¹²

In a lengthy debriefing by his employer (at that point, the Center for International Policy Development), Brenneke described his expertise, during the late 1960's, in the field of off-shore investment and his subsequent payment by the CIA and Mossad for information related to business dealings in Panama and Beirut. He also claimed to have flown for CIA-owned airlines in Southeast Asia and South America.¹³

In the mid-70s, Brenneke said he programmed intelligence computers for Mossad in Guatemala and Costa Rica. Late in 1981 or early 1982, he upgraded these computers, which are used by Guatemala to monitor utilities usage and manipulate dossiers of "subversives."¹⁴ Brenneke also admitted to having been a customs informant for over ten years.¹⁵

In 1972, Brenneke told a Portland, Oregon newspaper that he had set up the International Fund for Mergers and Acquisitions (IFMA), an off-shore company in Panama, for a Las Vegas financier who used it to launder organized crime money. Soon after, when the CIA asked him if it could use the company, Brenneke consented. After Congress barred the CIA from supporting the contras, said Brenneke, Mossad took over IFMA.¹⁶

Brenneke said he was recruited for the Harari Network by Pesakh Ben-Or, who mediated all Israeli arms sales and training for the military. A sometime seller of arms to the contras,¹⁷ Ben-Or, according to Brenneke, was also the Mossad station chief in Guatemala.¹⁸

When asked if the operation had the blessings of the Reagan Administration, Ben-Or, according to Brenneke, gave him the White House telephone number of Donald Gregg, Vice President Bush's national security adviser, whom he called on November 3, 1983. Gregg assured him everything was on the level, Brenneke insists.¹⁹ Gregg, for many years a CIA officer, has previously been identified as a leading player in the illegal supply of the contras,²⁰ a role he denies. Gregg also denies ever having spoken to Brenneke. According to one source, during the early months of the Reagan Presidency, Gregg served as the

Administration liaison to Israel on matters relating to the contras.²¹

According to Brenneke, Gregg was the U.S. contact for the Harari Network. Jose Blandon identified Felix Rodriguez, a friend of Gregg's from the CIA, as the group's point man in Central America.²² Rodriguez's role in coordinating airlifts of weapons to the contras from Ilopango Air Base in El Salvador was revealed during the investigations into the Iran-contra affair.

Richard Brenneke's role in the Harari Network was to buy arms in Yugoslavia, take delivery of them in Bolivia and ensure their arrival in Central America.²³

Brenneke said that there was no way that Israel and the Reagan Administration could not have known that the operation would be so intimately linked to the Medellin Cartel.²⁴ The system, set up to carry out the U.S.-Israeli contra aid program, was, according to Brenneke, "an overlay on an existing network of operatives, banks, protection." Said Brenneke: "I began to understand and see that the people involved were the same people and the same facilities and equipment. In my judgment, relations with the cartel preceded the Harari operation."

Brenneke told of being ordered by Mike Harari to go to Medellin to "pay my respects" to cartel leaders. "Until you made peace, you couldn't live in peace with them."²⁵ In late 1985, when Brenneke discovered that his son was a drug addict, he had a change of heart, he says, and complained to Gregg about the cocaine shipments. Gregg told him: "You do what you were assigned to do. Don't question the decisions of your betters."²⁶

The call to Gregg was made after Brenneke flew with a planeload of drugs to Amarillo, Texas, he said.²⁷ During his debriefing with the International Center for Development Policy, Brenneke related how, later in 1985:

He was forced at gunpoint to join the crew of a Lear 24 loaded with cocaine and destined for Brownsville, Tex. Harari's counterparts photographed Brenneke loading and boarding the aircraft, making it clear that they would forward the pictures to the proper U.S. authorities if he chose to reveal their activities.²⁸

These revelations tend to confirm previous reports of CIA involvement in narcotics trafficking--and they contribute to the growing body of evidence that Israel does not eschew the use of criminal and questionable means in the conduct of its foreign policy.

Israel's Man in Panama

Until he came to Panama in the late 1970s, Mike Harari was a Mossad officer. He had led a team that assassinated Palestinians in the early 70s and had been involved in the mistaken-identity assassination of a Moroccan waiter in Lillehammer, Norway (Mossad believed the victim to be Black Septembrist Ali Salameh). After that disaster, Harari got a change of scene--an assignment as Mossad's station chief in Mexico City.²⁹

Some believe that, even after he began "advising" Panamanian head of state Omar Torrijos in the late 70s, he never terminated his affiliation with Mossad. In March 1988, "well-informed Panamanian sources" told a London newspaper that Harari was "still very much an active and senior member of Israeli intelligence."³⁰ By then the Reagan Administration had begun its efforts to unseat Noriega and was pressing Israel to get Harari out of Panama.³¹

Following Torrijo's death in 1981, Harari devoted his services to Gen. Manuel Antonio Noriega, who ascended from head of the military intelligence service to armed forces chief

and head of state in all but name. Recruiting "a cadre of crack Uzi-toting Israel military veterans" as Noriega's personal bodyguard, Harari also had Israeli experts install state-of-the-art Israel eavesdropping and security equipment, which Noriega used to keep tabs on his domestic opposition.

Harari rebuilt the Panamanian armed forces (renamed the Panamanian Defense Forces, after Israel's IDF). He took care of hiding Noriega's narco-profits in secret Swiss accounts and "arranged for Israeli intelligence to provide security on Noriega's foreign trips."

When the U.S. was frustrated in its efforts to oust Noriega, Harari was blamed for helping Noriega resist U.S. pressure.³² In the beginning, according to Richard Brenneke and Jose Blandon, Harari had "advised Noriega to cooperate with the network to get added leverage with Washington."³³

Israel did not send Harari to Panama explicitly to engage in narco-trafficking. "Harari was supposed to be representing Israel," Brenneke said, but "instead of becoming Noriega's controller, Harari became his partner... He was making a killing."³⁴ In intelligence lingo, controller means "intimate," or "confidant," implying a relationship with a foreign leader that permits access and manipulation.

And indeed, there are indications there was some opposition to the merging of arms running with hauling cocaine. One figure connected with Israel who worked with the Harari Network said "It isn't necessary to engage in drug dealing to bring democracy to Nicaragua."³⁵

"People like [Pesakh] Ben-Or seem to have been pulled in two directions," Richard Brenneke said. Once Ben-Or told him that "the Agency [CIA] has pushed me into more things that I decide don't fit in to our policy,"³⁶ although it is not clear whether he was referring to the mingling of arms and drugs or something else all together.

In February 1988, Foreign Minister Shimon Peres tangled with Ambassador to the U.S. Moshe Arad over whether to send an emissary to Harari, as the U.S. wished.³⁷ Peres won, but, if he tried, the emissary did not succeed in removing Harari from Panama.³⁸ Later that year it was noted that, as with all Israeli military sales, the special electronically-protected bunker Harari had installed for Noriega, required an official okay before it could be exported from Israel.³⁹

Whatever profits Israel made supplying arms to the Nicaraguan mercenaries must have been canceled out by the Administration's 1981 resumption of military aid to El Salvador and its transformation of Honduras into a veritable U.S. aircraft carrier. Since 1977, when the Carter Administration cut off military relations with El Salvador because of its human rights record, Israel had been El Salvador's main supplier of weapons. It had also made a great deal of money selling arms to Honduras.⁴⁰

Although it is questionable whether any amount of military aid would have turned the contras into an effective military force, they were never the prime beneficiaries of the Harari Network's weapons procurement. Richard Brenneke said he saw very few of the network's arms going to the contras. "My understanding," said Brenneke, "was what they created was a bazaar; it was your basic weapons sales program."

Moreover, Brenneke said that cocaine trafficking, which comprised about 10 percent of the Harari Network's business in 1983, had expanded to account for 60-70 percent of its activity in late 1985.⁴¹ It is not known whether the contras--or Israel--was the direct beneficiary of the profits made by selling narcotics in the United States.

Israel leaders must have weighed the Harari Network's value against its possible exposure. By all indications Israel was fearful of alienating liberal Democrats in Congress, to whom the President's contra policy was anathema. As it turned out, the Reagan Administration used Israel as a buffer to protect its shadowy contra operation from Congressional scrutiny.

When the Congressional intelligence oversight committees asked questions about Central America, recollected the Israeli-connected source who worked with the Harari Network, Administration representatives would tell them, "you don't want to hear about it--Israel's hands are all over it."⁴² For much the same reason, Israel later emerged unscathed from the Iran-contra affair.

Conversely, when the Harari Network's drug trafficking was exposed, Israel was able to shelter itself behind the U.S. intelligence establishment. Narcotics trafficking and covert operations have converged since the early 1950s--when the CIA helped the Kuomintang (KMT--the army of Chaing Kai-Shek, defeated in 1949) establish itself in Burma, supported its efforts to dominate the opium trade there, and, according to undisputed Burmese intelligence reports of the time, flew the KMT's opium to Thailand or Taiwan. The agency did the same for its next set of clients in Southeast Asia, the Hmong people of Laos.⁴³

But nobody talks about it. By a curious sort of general consent, the Congress, the body charged with oversight of the intelligence community, has not allowed the reports of narcotics trafficking to enter the realm of accepted reality and the media, quiescent these last ten or so years, has not forced lawmakers to reckon with the issue.

This was brought home to Senator Kerry, who was forced to promise not to reveal the CIA-owned companies involved in the activities he was investigating. The hearings withered away, shortly after Jose Blandon's testimony, apparently because none of his Democratic colleagues supported them. Thus, Israel was not pilloried for the Harari Network's activities.

Money Laundering

Perhaps the failure of Congress and the media to respond to the disclosures about the network was due to the termination of network activities by early 1986. Two money-laundering cases since the shutdown of the network, however, suggest a continuing Israeli connection to Colombian drug kingpins.

In the first case, four Israeli nationals were indicted in October 1987 by a Los Angeles grand jury for "conspir[ing] to structure financial transactions to avoid currency reporting requirements."⁴⁴ U.S. law requires that cash deposits over \$10,000 be accompanied by a written report and prohibits breaking down large amounts of cash to evade the requirements.

In May 1988 two of them, Abraham Zarchia and Yitzhak Edri, pleaded guilty to four counts of structuring transactions to avoid currency regulations and one count of conspiracy. They received 10-year prison sentences. The sentences were "kind of on the high end of the spectrum," said Assistant U.S. Attorney Dean Dunlavey, who prosecuted the case. The attorneys for Zarchia and Edri, he recalled, were surprised that their clients, who had no prior convictions, "didn't just get a slap on the hand and sent back to Israel." The judge announced that he wanted the sentence to send a message to others engaged in laundering drug money.⁴⁵

The Israelis were charged with sending \$1,271,510 of illegal drug profits out of the U.S. to Panama in one five-day period. Their take over a five-month period was an estimated \$22 million.⁴⁶

The defendants ... structured currency transactions by breaking down large amounts of cash into amounts less than \$10,000, purchasing numerous cashier's checks from financial institutions in those amounts, and sending packages of cashier's checks containing approximately one-quarter million dollars each via Federal Express to a bank account in Panama.⁴⁷

"We know that there were at least 80 packages of money," said Dunlavey.⁴⁸

A second Israeli-led group, according to an indictment filed in March 1988 with the U.S. District Court in Newark, New Jersey, reportedly laundered large amounts of cash from "at least as early as September 1986."⁴⁹ Officials estimated that the ring had laundered more than \$25 million. Its activities were connected to Colombian drug smuggling by the presence among those indicted of two Colombians and the positive reaction of drug-sniffing dogs to some of the packets of money recovered by authorities.⁵⁰

Among the defendants was Rabbi Sholom Ber Levitin, director of Chabad House in Seattle and, for the past 16 years, leader of the local Hasidic community. Levitin and two other defendants arrested in Seattle received cash from the group's New Jersey-based leader, Adi Tal, according to court documents, and converted it to cashier's checks at local banks, packed up the checks and shipped them off for deposit in Panama.⁵¹

The case broke into the media just as Jose Bandon was testifying to the Kerry subcommittee about the Harari Network. When asked whether the money laundering ring was in any way connected with the Harari operation, a member of the subcommittee's staff said "we're aware of it," but balked at discussing it. "I don't want to be asked any more questions," he said.⁵²

According to Mary McMenimen, public affairs officer for the U.S. Attorney's office in Los Angeles, it is very unusual to see Israelis laundering money for the Colombian cartels. Usually Colombian nationals, she said, are "recruited in Colombia and cycled in for a year tour of duty to do either [drug] distribution or money laundering."⁵³

U.S. Attorney Dean Dunlavey said he had seen "no tie-in to the government" of Israel in the Zachria case.⁵⁴ However, it is significant that Adi Tal, leader of the New Jersey-Seattle laundering ring, was identified as a former employee of El Al, Israel's national airline. According to a 1979 CIA report on Mossad, captured during the takeover that year of the U.S. Embassy in Tehran, El Al is one of several "Israeli Government organizations that provide support to the intelligence and security community." The report also notes that such organizations are used, for Mossad agents, to provide a "cover," a job, to explain a person's presence abroad.⁵⁵

Official organizations used for cover are: Israeli Purchasing Missions and Israeli Government Tourist, (sic) El Al and Zim offices.⁵⁶

Adi Tal, according to court papers connected to the Seattle defendants, worked under the direction of Colombian defendants Enrique Korc and "Kimaro," both of whom are still at large, as are three defendants who are in Israel. (None of the fugitives can be extradited.)⁵⁷ Tal is accused of having flown from New York to Israel in May 1987 carrying \$481,000.⁵⁸

Over the ensuing months, four of the defendants entered guilty pleas. All but Tal and Nir Goldeshstein were allowed out on bail. In December, as their trial opened, Tal and Goldeshstein also entered guilty pleas.⁵⁹

Other Operatives

The Harari Network and Israeli money laundering for the Medellin Cartel was not an anomaly. On December 19, 1987, Zvi Gafni, an Israeli arms dealer, was arrested in Hong Kong as he attempted to flee to Macao. A search of his person and his office yielded false passports from the Philippines, Bolivia and Singapore, an unlicensed stun gun and marijuana. The passports had been used the previous month by a delegation of high-ranking employees of Israel Military Industries (IMI), who had traveled to China to demonstrate missile technology. A deal was concluded between Norinco, China's arms-importing firm, and Dubia, a Liberia-registered arms firm that works out of the offices of Gafni's front company, Lerik International.

Obviously the government owned IMI will manufacture and deliver the missiles. Since 1980, in a trade estimated by *Jane's Defence Weekly* to now be worth \$3 billion,⁶⁰ Israel has been selling large amounts of high-technology weaponry to the Chinese.⁶¹ [The two countries do not have diplomatic relations. Thus the need for the fake passports.]

Israel's main man in Hong Kong was Reuven Merhav, Israel's consul-general in Hong Kong and a former Mossad officer, under whose direction Gafni worked. Also active in Hong Kong was retired Rear Adm. Benni Telem, who headed a firm called Palindent, which the *Sunday Times* of London claims is the Asian marketing arm of IMI. Telem, said the paper, is IMI's vice-president for marketing. One reason Gafni might have been involved was the presence of two relatives of Chinese officials on Dubia's staff. According to the *Sunday Times*, he had previously negotiated on Israel's behalf with People's Republic of China officials in Hong Kong.⁶²

The marijuana found on Gafni was not in itself an indication that he was a big-time drug dealer. But his past record was:

He had first come to the [Hong Kong] police's attention in 1984 in connection with international arms dealing, the illegal movement of computers to the communist bloc, cocaine smuggling into Mexico and America, and the distribution of counterfeit U.S. dollar banknotes.⁶³

In a statement at the time of his arrest, Gafni said he had sold South African and Israeli assault rifles, shot-guns and submachine guns to the Hong Kong police and the paramilitary Royal Hong Kong Volunteers Regiment. After the judge refused to accept Gafni's arguments that he was helping Hong Kong improve its defense and that he was holding the passports in case they were needed again, Gafni changed his innocent plea to guilty. The judge sentenced him to two years and wanted to know why he had traveled on a forged Singaporean passport, rather than his Israeli passport, to Denmark, Thailand and Great Britain, as all three countries recognize Israel. The judge also refused his request to be deported.⁶⁴

Several months before Zvi Gafni's legal troubles began, three Israelis and their British collaborator were sentenced by a London court to ten years in prison after they pleaded guilty to charges of smuggling "a vast quantity of premier quality Lebanese Gold cannabis resin, worth £5 million [\$9 million], into Britain." Their case appears to point to a narco-trafficking connection between Mossad and Lebanese Phalangists. The drug, more commonly known as hashish, had originated from the Christian part of Beirut.⁶⁵

A shopping list of weapons seized when the men were arrested in June 1986 was assumed by British authorities as being for the IRA. This gave rise to the theory that the Israelis had been part of an effort to sell cannabis in Europe to raise money for the Phalange, but had "broken loose" and were aiming to make a private profit by supplying arms to the IRA.

The customs service admitted being tipped off about the crime. The *Guardian* of London

reported it was "understood that the first information which led to capture of the drugs smugglers came from within Mossad itself."⁶⁶

The newspaper noted, "the alleged job descriptions of the four accused, read out in Court 16 yesterday, bore no resemblance to their real occupations." One of the Israelis, Moshe Shtrowise, who gave his occupation as "motor dealer," was a former member of Mossad, said the paper; he and his two countrymen, Ishack Zachik Ferman, an "export agent" and Asher Sivan, a "television producer," had all done military duty in Lebanon. The *Guardian* said that Ferman and Sivan were thought to be "renegade" members of Mossad.

All three, according to the paper, "were obviously experts in counter-surveillance." Customs investigators, following a truck carrying the hashish, noticed Sivan on his motorcycle, trailing the truck and, at traffic lights, "weav[ing] his Suzuki in and out of other vehicle lanes ... looking into cars for signs of police or customs."⁶⁷

The Mossad hypothesis is partially corroborated by an Israeli report that says Ferman, at the time a photographer working for the IDF magazine, was stopped by military police during the Israeli invasion of Beirut in 1982. A search of his car uncovered hashish and he was arrested. When he was released 15 days later, Ferman's reserve unit "did not issue an order prohibiting him from leaving the country." The report gets sketchy, saying that Ferman "went to get travel clearance from his reserve unit, and the next day he fled."⁶⁸

All this could be taken as a way of establishing a convenient cover for Ferman as an outlaw, deniable by Israeli officials if he gets in trouble. Ferman's subsequent return to Israel in 1985, with a British identity and a late model Porsche,⁶⁹ lends credence to this interpretation and seems hardly the behavior of a man wishing to keep a low profile.

A month after the trio's arrest in Britain, the FBI arrested Israeli Rami Abronovich in Philadelphia, alleging that he had tried to recruit a U.S. helicopter pilot, offering him \$63,000 for an escape attempt.⁷⁰

Government and Organized Crime

In other cases, such as that of the pseudonymous Israelis, "John Smith" and "Isaac Rushman," a connection between narcotrafficking and the Israeli Government is not altogether clear. Nabbed by British authorities in March 1987 on suspicion of smuggling cocaine from Colombia into Britain, "Smith" agreed to cooperate with police in exchange for a sentence reduction. "Smith" contacted "Rushman," reportedly a close friend or relative, in South America, where both men had lived for a number of years.

"Rushman" agreed to infiltrate South American drug-trafficking operations and subsequently helped European police agencies set up sting operations that resulted in the arrest of a number of major importers of cocaine into Europe. "Rushman" was able to entice Col. Garcia ZarabiaRios, described as Bolivia's drug kingpin, and some major Colombian traffickers into the embrace of authorities in Spain, France and the Netherlands.⁷¹

The rise of the cocaine cartels has come at a time when some Western governments have shown an inordinate toleration of venality and scandal.

Drug money paid to bribe politicians worldwide now ranks as a U.S. security concern second only to the Soviet Union, according to a determination by the Central Intelligence Agency. After buying their operatives' immunity from prosecution, underground drug cartels have proceeded to channel huge sums to subvert governments and finance terrorism. In addition to Central America and the Caribbean...the Mideast and the Orient are emerging as major targets of opportunity for the cartels.⁷²

It is because of this insidious opportunity for mutual benefit when government intersects with organized crime that the growth of Israeli narcotics syndicates bears scrutiny.

"That Israelis play a big part in organizing the trade abroad can be seen by the number who have been arrested overseas on narcotics charges," noted *Jerusalem Post* writer Bernard Josephs.⁷³ The evidence is only anecdotal, albeit that the number of Israelis incarcerated around the world--500⁷⁴--is significant, considered on a *per capitabasis*.

In the U.S., Israeli narcotics gangs figure prominently in the ethnic gangs that, a U.S. Drug Enforcement Administration (DEA) official said, "appear to be *the* new trend in crime."⁷⁵ In August 1986, five Israelis were arrested in New York. Prosecutors charged they had been running a \$1 million-a-week heroin and cocaine operation out of Brooklyn for at least two years.⁷⁶ More than a dozen Israelis were arrested for drug trafficking in this country in the first three months of 1987. In May 1988 the FBI arrested five Israelis in Boston for running a drug distribution network.⁷⁷

The Israeli gangs developed out of criminal organizations specializing in smuggling, credit card fraud and other crimes in the 1970s. With the exception of a 1979 murder and dismemberment of two fellow-Israelis in Los Angeles,⁷⁸ the Israeli groups are not notoriously violent, like the recently arrived Jamaican gangs.

Their members, believed to be mostly Sephardic Jews who met each other in Israeli prisons or during their military service,⁷⁹ are not legion, as are the members of the Taiwan-based United Bamboo triad [gang] which controls much of the heroin that arrives in the U.S. from the "Golden Triangle" of Southeast Asia (a region covering parts of Laos, Thailand and Burma) and does a thriving business in prostitution. And while United Bamboo is active all over the country, the Israeli gangs' activity is concentrated in the Northeast, Florida and the West Coast.⁸⁰

Estimated by U.S. officials to consist of several hundred individuals, the Israeli gangs are divided into "at least four large organizations," with expatriate networks in Europe and Asia, as well as in the U.S.⁸¹ In a manner said to be typical of the ethnic gangs, the Israelis are becoming capable of "interact[ing] with other criminal groups, including La Cosa Nostra [and] the Chinese."⁸²

While formerly middlemen, who bought large lots of narcotics from other ethnic groups,⁸³ Israeli gangs have developed sources of supply in Pakistan, Turkey and Thailand and now occupy a significant niche in the domestic heroin trade, say law enforcement authorities.⁸⁴

The group arrested in Boston had connections in Colombia good enough to enable it to import "substantial amounts of cocaine."⁸⁵ As it came shortly after the exposure of the Harari Network, their arrest added "fuel to rumors of supposed Israeli involvement in the drug running nexus of the Colombian cocaine cartel and Panamanian strongman Manuel Noriega,"⁸⁶ according to the *Jerusalem Post*.

Israel's Men

Resorting to narcotrafficking might not have been Israel's first choice of a way to structure its contra aid program. Yet if Israel was disappointed with Mike Harari's performance in Panama, it certainly missed a golden opportunity to get rid of him and earn the thanks of the Reagan Administration in the bargain.

In February 1988, Sen. Alfonse D'Amato (R-NY) and Morris Abram, chairman of the Conference of Presidents of Major Jewish Organizations, asked Israel to tell Harari to leave Panama.⁸⁷ It was neither the first nor the last such request.

Despite statements by U.S. officials, Harari had Israel's "unofficial blessing." Israel staunchly maintained that Harari was "a private citizen," who could not be ordered here or there.⁸⁸

Israel has an ambassador in Panama, but Harari seems to exercise total control over its policy there. Indeed, Harari had one of Israel's ambassadors to Panama fired.⁸⁹ Through his appointment in late 1986 or early 1987 as Panama's honorary consul in Israel,⁹⁰ and his appointment at an unknown time as its commercial attache in Israel,⁹¹ Harari has solidified his control of Israeli-Panamanian relations. In the spring of 1988 he had the Panamanian Ambassador, Col. Eduardo Herrera Hassan, first cashiered from the army, then fired from his diplomatic post. The U.S. favors Colonel Herrera as Noriega's replacement.⁹²

In the early 80s, Harari used his position in Panama to obtain phony end-user certificates to camouflage Israeli arms sales to Iran.⁹³ He is said to have convinced Israeli officials that the link to Noriega provided Israel with "a back-channel to Fidel Castro."⁹⁴

Harari's partnerships with the general in "a string of profitable businesses" and his partnership with Ya'acov Bondi, director-general of the Israel Communications Company in an Israeli-style agricultural undertaking,⁹⁵ gave him the appearance of a thriving private businessman. Harari controls all Israeli military and civilian commerce with Panama, and there have been complaints that he extorted bribes as high as 60 percent from those wishing to do business in Panama.⁹⁶ Some say he split the take with Noriega.

The government of Israel does not seem dissatisfied with Harari's handling of commerce with Panama. In June 1988 Harari was seen at "a posh reception featuring such guests as Foreign Minister Shimon Peres ..." And when he requested it, the Israeli Government Press Office "recalled all photos taken of him and distributed to official news services."⁹⁷

As Israeli's cutout in Guatemala Mossad station chief Pesakh Ben-Or operated along much the same lines as Mike Harari. For a number of years he was known as a young, fabulously wealthy businessman. An article in the Israeli press celebrated his beautiful house in Miami, his yacht moored nearby, and his "luxurious villa near Ramleh," in Israel, where he keeps his seven thoroughbred horses, his Mercedes, his BMW and so forth. And if anyone wondered why Ben-Or's front company, Eagle Military Gear Overseas, needed a whole, heavily fortified floor in a downtown Guatemala City hotel,⁹⁸ the answer was probably assumed to be the legendary Israeli preoccupation with "security."

Ben-Or's business base in Guatemala allowed Israel to provide weapons and trainers to the military. Ben-Or provided training for the bodyguards of Guatemala's last two military dictators, Efraim Rios Montt and Oscar Mejia Victores. He tried to do the same for the civilian president elected in 1985, but he bet on the wrong candidate.⁹⁹

The current president, Vinicio Cerezo, is guarded by International Security Defense Systems, one of the proliferating Israeli "security" firms closely linked to the Israeli Government--when they aren't simply functioning on its behalf.¹⁰⁰

Emil Sa'ada, Israel's man in Honduras, worked behind an agricultural front: Shemesh Agrotech Internacional, S.A., a series of farms growing nontraditional export crops with the vaunted Israeli agricultural technology.¹⁰¹ But Sa'ada was identified by Honduran military

sources as a conduit of Israeli arms to the contras.¹⁰² He has also bragged that before Israel assigned a resident ambassador to Honduras, "I was the ambassador."¹⁰³

Along with David Marcos Katz, a longtime Israeli arms merchant in Latin America, Sa-ada was also a principal of the Arms Supermarket, the Harari Network satellite in Honduras. Richard Brenneke said the supermarket had been set up because one of its U.S. proprietors, Mario Del Amico, a CIA-linked arms dealer, did not get along with Pesakh Ben-Or.¹⁰⁴

Shabtai Kalmanowitch also spread the blessings of Israeli agricultural technology, but that ended in late 1987, when Kalmanowitch was arraigned on charges of forging \$2.03 million worth of checks on a Merrill Lynch account at the North Carolina National Bank in Asheville, North Carolina, and then arrested in Israel and charged with spying for the Soviet Union.

Some believe Kalmanowitch is being held in custody in Israel to prevent him from explaining to the U.S. court why Israel's man in Sierra Leone--and a key figure in Israel's dealings with South Africa--would need to raid the till of North Carolina National Bank, rather than for what he might have told the Soviet Union.

Reportedly, Kalmanowitch collaborated with two Russian specialists on some gold mining in Sierra Leone and helped them obtain fishing rights from the country's President Joseph Momoh.¹⁰⁵ All this was minor compared to the work he was doing for Israel in Sierra Leone. The agricultural venture, an Israeli-style chicken farm, was also minor, yet Sierra Leonians worried that Mossad agents might be stationed there.

Kalmanowitch's company, Liat, imported a fleet of used buses from Israel, sponsored soccer players, and, despite having obtained government-granted rights to mine gold and diamonds, was rumored to be involved in smuggling those minerals out of Sierra Leone. Liat was found to have links to Bophuthatswana Mankelsuertetung, a South African company in Frankfurt, West Germany.¹⁰⁶

Behind the scenes of Liat's good will, Lamanowitch negotiated several agreements with President Mohmoh, including one to provide the inevitable Israeli bodyguards. But he did not succeed in getting Mohmoh to establish diplomatic relations with Israel. He remained Israel's man in Sierra Leone, with the title of "cultural representative." (At the same time, he served as Sierra Leone's representative to the European Community and as an adviser at its West German Embassy.)

Over the years Kalmanowitch carried out overseas assignments for Mossad, according to the Israeli press. In a character reference submitted to the U.S. District Court in North Carolina, Rep. Benjamin Gilman (R-NY) noted that Kalmanowitch had held "several highly sensitive posts in the Israeli Government." These included Kalmanowitch's involvement in East-West spy swaps in the late seventies and the work he did for Israel helping South Africa evade economic sanctions.¹⁰⁷

It was the South African connection that mattered. Liat had grown rich on construction contracts in Bophuthatswana funded by dubious loans from right-wing European sources, and Kalmanowitch became known as the "white president" of the pseudo state, one of the "tribal reserves" established by the white minority government. Kalmanowitch held forth from a flashy office in Tel Aviv as the bantustan's diplomatic representative and arranged visits to Israel and Europe for its "President," Lucas Mangope.¹⁰⁸

A radio broadcast during a short-lived coup d'etat against Mangope last February said that a major cause of the move to unseat him was his acceptance of bribes from Kalmanowitch and his contribution to Kalmanowitch's bail when the Israeli was arrested in London on the

forgery charges.¹⁰⁹ South African troops soon restored Mangope to power.

Financing for some of Kalmanowitch's projects came from Marc Rich, the fugitive financier, with whom Kalmanowitch had "established close contacts."¹¹⁰ The Switzerland-based Rich has been active in helping to break the oil embargo against South Africa.

Having this part of Kalmanowitch's story emerge in a U.S. court would be particularly painful for Israel. For years it has met complaints about its close relations with South Africa with the rejoinder that "the Arabs" sell oil to South Africa. While it is true that some Arab governments (especially Saudi Arabia, as part of its activities in the Iran-contra affair¹¹¹) have sold oil to the apartheid government, Marc Rich has been the middleman in a great many of those deals.¹¹² (He has also sold Saudi oil to Israel!¹¹³)

In the initial indictment, the FBI presented evidence showing that Kalmanowitch and his partner, Vladimir Davidson, had actually written \$12 million worth of checks and had established connections for processing the funds with elements of the Soviet Jewish emigre community in New York as well as a complex banking web in Europe.

When he arrived for his arraignment in North Carolina from London, where he had been arrested, the high-powered Washington attorney Nathan Lewin was there to represent him.¹¹⁴ Lewin has also represented Col. Aviem Sella, indicted for his role as convicted spy Jonathan Jay Pollard's "handler," and former Attorney General Edwin Meese.

Where Shabtai Kalmanowitch floundered, it has been smooth sailing for Shaul Eisenberg, certainly Israel's most successful cutout. The scant press on this reputed billionaire featured good works, not crime. Born in Germany, Eisenberg fled east and spent World War II in Japan. He has lived and done business in East Asia ever since, although he has a splendid mansion in Israel, where his children live.

For some years Eisenberg's name has been coupled with the sobriquet "billionaire." Rumors of enormous arms deals abound. "I help Israel wherever possible, through my political friends," he said recently. He gets around in a customized Boeing 707.¹¹⁵

Active in Central America in the early 80s as honorary consul in Israel for both Belize and Panama,¹¹⁶ Eisenberg was said to be involved in some of the Harari Network activities.¹¹⁷ In a summary of his activities in closing down the network, Richard Brenneke included this phrase:

Explained to Arie that original paperwork would not be given to Mossad. Wants to know if I have talked to Shawl (sic) recently.¹¹⁸

It is rumored that the Eisenberg group of companies is linked to the Gur Corporation, which received sweetheart contracts and South Africa's lavish incentives to build hospitals in the South African bantustan of Ciskei.¹¹⁹ Payments on the contracts were later stopped amid charges of fraud, one of several cases that resulted in the firing of Ciskei's Israeli representative.¹²⁰ A professor at the University of South Africa recently determined that the Gur Corporation was registered in Panama.¹²¹

During the same period, as owner of International Fusion Industries, Eisenberg was involved--along with officials from the Israeli energy ministry--in lobbying France and the U.S. to participate in the development of nuclear fusion reactors. Al Schwimmer and Ya'acov Nimrodi, the arms dealers involved in the Iran-contra affair, were involved in the company, as was Bob Guccione, publisher of *Penthouse* magazine.¹²²

By the time Harari succeeded Eisenberg as Panama's honorary consul, reports were beginning to surface of Eisenberg's activities in China, where, over the past decade, he has reportedly built more than 200 factories and established eight offices.¹²³ In 1979, Eisenberg flew a group of Israeli arms experts to China in his private plane. According to Morton S. Miller, recently retired from the State Department Bureau of Intelligence, this began Israel's lucrative weapons sales to China.¹²⁴

Through his firm, United Development Inc. (UDI), in Beijing, Eisenberg sells products of the state-owned chemical concern, Israel Chemicals. He has sold the Chinese four oil refineries.¹²⁵ UDI, the largest trading company in China, also sells arms. [China suffered in silence for months, as Washington lambasted it for selling Silkworm missiles to Iran--before "Western arms traders" confided that UDI had helped negotiate the sale.¹²⁶]

Africa has been a particularly fertile ground for Israel's unique brand of diplomacy and the late Tibor Rosenbaum was the pacesetter there. After some gun running, in the 40's, to the Stern Gang in Palestine, Rosenbaum rendered "unknown services" to the Liberian Government. Later in Geneva he set up the International Credit Bank (ICB, or Banque de Credit Internationale):

ICB's principal legitimate activities were the collection of funds for Israel from the Jewish communities of Europe and acting as banker to joint business ventures of European Jews and the state of Israel. But it also financed the acquisition and movement of weapons to Israel and its allies, particularly in Africa and Central America, and reputedly acted as paymaster for Mossad, the Israeli secret service, in Europe.

ICB additionally acted as a money-launderer for mobster Meyer Lansky and for some of Bernie Cornfeld's fraudulent mutual funds operations.¹²⁷ Until it closed its doors in 1974, ICB handled a substantial portion of the funds the Israeli defense ministry used to purchase weapons abroad. A substantial amount of Israeli government funds went illegally through ICB.¹²⁸

David Kimche, who became well known for his role in the Iran-contra affair when he was the director-general of Israel's foreign ministry, was previously known as "Mr. Africa" for the long years he spent on that continent as a Mossad officer. After leaving the foreign ministry in 1986, Kimche became a "consultant" for several countries with the backing of Tiny Rowland, who heads the Lonhro Group, one of the most successful conglomerates to operate in Africa. Rowland is known to have close ties with many of the continent's leaders.¹²⁹ (Lonhro reportedly does business in Israel "in the name of the Eisenberg group," according to the Israeli daily *Ma'ariv*.) Earlier, Meir Miyuchas, who represents Israeli Government weapons companies in Cameroon, suggested to Kimche that he engage in joint projects with Marc Rich,¹³⁰ but it is not known whether he pursued that lead.

Where Does The Money Go?

Shaul Eisenberg, Mike Harari, Pesakh Ben-Or, Emil Sa'ada, and even Shabtai Kalmonowitch, all serve Israel in the guise of rich businessmen. But how is their money used to maintain appearances?

Shaul Eisenberg recently emerged from decades of media silence to announce that he was heading up a committee to sponsor the trip of Israel's disabled athletes to the Olympics for the Disabled in Seoul.¹³¹ Shortly after, Eisenberg gave an extensive interview to the *Jerusalem Post*, during which he described plans to start a \$150 million videotape factory and, in partnership with a Brazilian company, a factory to produce blue jeans. He will establish these companies and others with similar export potential through the Israel

Corporation, a publicly traded company which invests in Israeli industry.

Eisenberg made the point that all his other companies were privately held, but that he was investing time and money in the Israel corporation anyway. His involvement began in 1984, he said, when the national shipping line Zim, in which the Israel Corporation had invested heavily, was about to sink. Eisenberg said he was interested in buying the state-owned Oil Refineries Ltd., in which Israel Corporation holds a 26 percent interest. Under a privatization program currently underway in Israel, the government is preparing to sell its 74 percent interest.¹³²

It might be construed that Pesakh Ben-Or's participation in Guatemala's civic affairs was an operational expenditure. When Guatemala elected a civilian government in 1985, Ben-Or donated \$10,000 to one of the candidates (the wrong one, as it turned out) and trained his bodyguards.¹³³ According to one report, there have been many instances when Israel has passed money to foreign defense ministries for the purpose of securing arms sales.¹³⁴

Money also makes its way into Israeli politics. David Marcus Katz has contributed to Gush Emunim and other rightist groups in Israel.¹³⁵ In the 1988 parliamentary elections, Bruce Rappoport, an "ex-Israeli" resident in Switzerland, gave \$1.5 million to the Labor Party.¹³⁶ In a case that became famous because it involved former Attorney General Edwin Meese and his friend, E. Robert Wallach, Rappoport was hired by the Bechtel Group to secure the cooperation of the Israeli government with an oil pipeline the construction giant wanted to build for Iraq. Wallach, hired by Rappoport to intercede with Meese, noted in a memo that, in exchange for a pledge not to attack the pipeline, Israel was being offered \$65-\$70 million worth of oil a year and "a portion of those funds will go directly to labor." Rappoport was to arrange the payments.¹³⁷

A New Cycle Begins

What Shabtai Kalmanowitch did with the money he is accused of taking might never be known. Israeli and Panamanian "financial sources" say that Mike Harari used some of the laundered funds he banked for Noriega in Switzerland to buy weapons,¹³⁸ but who is or will be shooting those guns is unknown. It must be assumed however, that such funds will eventually buy trouble in the country for which they are supposedly generated.

Just as there has been an explosion in U.S. cities of crack cocaine use and the murderous youth gangs which proliferated to market the drug. Israeli society is being ravaged by drug use. Israel has become a market for hashish and heroin from Lebanon, where "the hashish and opium trade..has thrived in the lawless civil war years." Drugs grown in Lebanon have an estimated value of more than \$500 million.¹³⁹ Police ministry officials estimated in 1987 that 1,000 tons of Lebanese hashish passed through Israel annually on their way to Egypt-- and 40 of those tons made their way into the local market.

European-based Israeli drug rings also sell to the home market. In August 1987, Labor and Social Affairs Minister Moshe Katsav said there were 10,000 addicts in Israel; and the country's health ministry reported it had 4,200 on methadone, up from 830 in 1984.¹⁴⁰ There is growing Israeli demand for "crack" cocaine. As with other societies plagued by illegal narcotics use, Israel must battle crimes committed by addicts to support their habits.

When it comes to rationalizing its narcotics problem, Israel seems to have taken a page from Washington's book. Each time journalists or Congressional investigators got too close to the conjunction of the contras and narcotrafficking, the Reagan Administration would retell the story of how "communist" Nicaragua was colluding with the Colombian cartels to bring drugs into the U.S. (Occasionally Cuba would be the culprit).

Although demonstrably false (as recently exposed by the House Judiciary Subcommittee on Crime and CBS Evening News), these allegations have durably outstripped the actual truth.¹⁴¹ As it turned out, the "Nicaragua connection" was an elaborate sting perpetrated by Oliver North.

In June 1988, six months into the Intifadah, word was leaked of a "secret report prepared by police and Shin Bet [the internal secret service] elements" that said that "the terrorist organizations have begun to sell hard drugs to Israel at reduced prices" and to use the proceeds "to finance terror activities, including the Intifadah."¹⁴²

Elsewhere, the idea of "narcoterrorism" carried out by leftist "narco-guerrillas" has been marketed rather successfully. The notion of an alliance between leftist or insurgent forces and narcotrafficking, vigorously promoted since 1985 by the U.S. State Department, has found enthusiastic adherents among the right wing military establishments of Latin America,¹⁴³ and now, it would seem, Israel.

As rebellions flare up, new opportunities open for both the U.S. and Israel to intervene on the side of their drug-eradicating clients. Israel has lately become a major supplier of weapons and counterinsurgency "expertise" in Colombia,¹⁴⁴ where leftist guerrillas act as shop stewards to coca laborers and where cartel moguls team up with the military and the right to fight the guerrillas and murder union and leftist-elected officials, who are usually more accessible.¹⁴⁵ The U.S., already active in Bolivia, is eager to "go to the source" in Peru, and perhaps also in Mexico and Brazil.

The script is all so predictable. It can be recited before it is written: contested territory is being used to cultivate illegal drugs. An alliance is made with one local group to displace the enemy (probably identified as communists or narco-guerrillas). It is discovered (if not already known) that the new allies are elbow deep in the drug trade.

To secure their cooperation, the allies are given the protection they need to bring their narcotics into the U.S. Perhaps the Congress, as it did with the contras, reacts to growing evidence of brutality and mayhem with a ban on U.S. aid to this latest cause.

Suddenly there is a need for cash, which only narcotrafficking can provide in quantity. There is also need for an ally, one with a network of cutouts and contacts, such as Israel, which has done this sort of thing before and can arrange the flow of arms in and drugs out.

A whole new cycle begins.

Jane Hunter, editor of Israeli Foreign Affairs, is a frequent lecturer and writer on the Middle East.

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144. *Israeli Foreign Affairs*, May 1987, August 1987, November 1987, May 1988, August 1988, October 1988, November 1988.
145. Collett, "The Myth of the 'Narco-Guerrillas,'" Leslie Wirpsa, "Taming one of Colombia's most violent areas," *Christian Science Monitor*, October 7, 1988; William R. Long, "Assassins Stalk Leftist Party in Colombia and "Violent Colombia: Toll Rises Amid Drug Wars, Rebel Massacres," *Los Angeles Times*, December 7, 1987 and September 9, 1988, respectively.

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