



Halliburton Corporation's Brown and Root is one of the major components of

THE BUSH-CHENEY DRUG EMPIRE

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by
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FTW October 24, 2000 - The success of Bush Vice Presidential running mate Richard Cheney at leading Halliburton, Inc. to a five year \$3.8 billion "pig-out" on federal contracts and taxpayer-insured loans is only a partial indicator of what may happen if the Bush ticket wins in two weeks. A closer look at available research, including an August 2, 2000 report by the Center for Public Integrity (CPI) at www.public-i.org, suggests that drug money has played a role in the successes achieved by Halliburton under Cheney's tenure as CEO from 1995 to 2000. This is especially true for Halliburton's most famous subsidiary, heavy construction and oil giant, Brown and Root. A deeper look into history reveals that Brown and Root's past as well as the past of Dick Cheney himself, connect to the international drug trade on more than one occasion and in more than one way.

This June the lead Washington, D.C. attorney for a major Russian oil company connected in law enforcement reports to heroin smuggling and also a beneficiary of US backed loans to pay for Brown and Root contracts in Russia, held a \$2.2 million fund raiser to fill the already bulging coffers of presidential candidate George W. Bush. This is not the first time that Brown and Root has been connected to drugs and the fact is that this "poster child" of American industry may also be a key player in Wall Street's efforts to maintain domination of the half trillion dollar a year global drug trade and its profits. And Dick Cheney, who has also come closer to drugs than most suspect, and who is also Halliburton's largest individual shareholder (\$45.5 million), has a vested interest in seeing to it that Brown and Root's successes continue.

Of all American companies dealing directly with the U.S. military and providing cover for CIA operations few firms can match the global presence of this giant construction powerhouse which employs 20,000 people in more than 100 countries. Through its sister companies or joint ventures, Brown and Root can build offshore oil rigs, drill wells, construct and operate everything from harbors to pipelines to highways to nuclear reactors. It can train and arm security forces and it can now also feed, supply and house armies. One key beacon of Brown and Root's overwhelming appeal to agencies like the CIA is that, from its own corporate web page, it proudly announces that it has received the contract to dismantle aging Russian nuclear tipped ICBMs in their silos.

Furthermore, the relationships between key institutions, players and the Bushes themselves suggest that under a George "W" administration the Bush family and its allies may well be able, using Brown and Root as the operational interface, to control the drug trade all the way from Medellin to Moscow.

Originally formed as a heavy construction company to build dams, Brown and Root grew its operations via shrewd political contributions to Senate candidate Lyndon Johnson in 1948. Expanding into the building of oil platforms, military bases, ports, nuclear facilities, harbors and tunnels, Brown and Root virtually underwrote LBJ's political career. It prospered as a result, making billions on U.S. Government contracts during the Vietnam War. The "Austin Chronicle" in an August 28 Op-ed piece entitled "The Candidate From Brown and Root" labels Republican Cheney as the political dispenser of Brown and Root's largesse. According to political campaign records, during Cheney's five year tenure at Halliburton the company's political contributions more than doubled to \$1.2 million. Not surprisingly, most of that money went to Republican candidates.

Independent news service "newsmakingnews.com," also describes how in 1998, with Cheney as Chairman, Halliburton spent \$8.1 billion to purchase oil industry equipment and drilling supplier Dresser Industries. This made Halliburton a corporation that will have a presence in almost any future oil drilling operation anywhere in the world. And it also brought back into the family fold the company that had once sent a plane - also in 1948 - to fetch the new Yale Graduate George H.W. Bush, to begin his career in the Texas oil business. Bush the elder's father, Prescott, served as a Managing Director for the firm that once owned Dresser, Brown Bothers Harriman.

It is clear that everywhere there is oil there is Brown and Root. But increasingly, everywhere there is war or insurrection there is Brown and Root also. From Bosnia and Kosovo, to Chechnya, to Rwanda, to Burma, to Pakistan, to Laos, to Vietnam, to Indonesia, to Iran to Libya to Mexico to Colombia, Brown and Root's traditional operations have expanded from heavy construction to include the provision of logistical support for the U.S. military. Now, instead of U.S. Army quartermasters, the world is likely to see Brown and Root warehouses storing and managing everything from uniforms to rations to vehicles.

Dramatic expansion of Brown and Root's operations in Colombia also suggest Bush preparations for a war inspired feeding frenzy as a part of "Plan Colombia." This is consistent with moves by former Bush Treasury Secretary Nicholas Brady to open a joint Colombian-American investment partnership called Corfinsura for the financing of major construction projects with the Colombian Antioquia Syndicate, headquartered in Medellin. (See FTW June, 00). And expectations of a ground war in Colombia may explain why, in a 2000 SEC filing, Brown and Root reported that in addition to owning more than 800,000 square feet of warehouse space in Colombia, they also lease another 122,000 square feet. According to the filing of the Brown and Root Energy Services Group, the only other places where the company maintains warehouse space are in Mexico (525,000 sq. feet), and the U.S. (38,000) square feet.

According to the web site of Colombia's Foreign Investment Promotion Agency Brown and Root had no presence in the country until 1997. What does Brown and Root, which, according to the AP has made more than \$2 billion supporting and supplying U.S. troops, know about Colombia that the U.S. public does not? Why

the need for almost a million square feet of warehouse space that can be transferred from one Brown and Root operation (energy) to another (military support) with the stroke of a pen?

DRUGS

As described by the Associated Press, during "Iran-Contra" Congressman Dick Cheney of the House Intelligence Committee was a rabid supporter of Marine Lt. Col. Oliver North. This was in spite of the fact that North had lied to Cheney in a private 1986 White House briefing. Oliver North's own diaries and subsequent investigations by the CIA Inspector General have irrevocably tied him directly to cocaine smuggling during the 1980s and the opening of bank accounts for one firm moving four tons of cocaine a month. This, however, did not stop Cheney from actively supporting North's 1994 unsuccessful run for the U.S. Senate from Virginia just a year before he took over the reins at Brown and Root's parent company, Dallas based Halliburton Inc. in 1995.

As the Bush Secretary of Defense during Desert Shield/Desert Storm (1990-91), Cheney also directed special operations involving Kurdish rebels in northern Iran. The Kurds' primary source of income for more than fifty years has been heroin smuggling from Afghanistan and Pakistan through Iran, Iraq and Turkey. Having had some personal experience with Brown and Root I noted carefully when the Los Angeles Times observed that on March 22, 1991 that a group of gunmen burst into the Ankara, Turkey offices of the joint venture, Vinnell, Brown and Root and assassinated retired Air Force Chief Master Sergeant John Gandy.

In March of 1991, tens of thousands of Kurdish refugees, long-time assets of the CIA, were being massacred by Saddam Hussein in the wake of the Gulf War. Saddam, seeking to destroy any hopes of a successful Kurdish revolt, found it easy to kill thousands of the unwanted Kurds who had fled to the Turkish border seeking sanctuary. There, Turkish security forces, trained in part by the Vinnell, Brown and Root partnership, turned thousands of Kurds back into certain death. Today, the Vinnell Corporation (a TRW Company) is, along with the firms MPRI and DynCorp (FTW June, 00) one of the three pre-eminent private mercenary corporations in the world. It is also the dominant entity for the training of security forces throughout the Middle East. Not surprisingly the Turkish border regions in question were the primary transshipment points for heroin, grown in Afghanistan and Pakistan and destined for the markets of Europe.

A confidential source with intelligence experience in the region subsequently told me that the Kurds "got some payback against the folks that used to help them move their drugs." He openly acknowledged that Brown and Root and Vinnell both routinely provided NOC or non-official cover for CIA officers. But I already knew that.

From 1994 to 1999, during US military intervention in the Balkans where, according to "The Christian Science Monitor" and "Jane's Intelligence Review," the Kosovo Liberation Army controls 70 per cent of the heroin entering Western Europe, Cheney's Brown and Root made billions of dollars supplying U.S. troops from vast facilities in the region. Brown and Root support operations continue in Bosnia, Kosovo and Macedonia to this day.

Dick Cheney's footprints have come closer to drugs than one might suspect. The August Center for Public Integrity report brought them even closer. It would be factually correct to say that there is a direct linkage of Brown and Root facilities - often in remote and hazardous regions - between every drug producing region and every drug consuming region in the world. These coincidences, in and of themselves, do not prove complicity in the trade. Other facts, however, lead inescapably in that direction.

A DIRECT DRUG LINK

The CPI report entitled "Cheney Led Halliburton To Feast at Federal Trough" written by veteran journalists Knut Royce and Nathaniel Heller describes how, under five years of Cheney's leadership, Halliburton, largely through subsidiary Brown and Root, enjoyed \$3.8 billion in federal contracts and taxpayer insured loans. The loans had been granted by the Export-Import Bank (EXIM) and the Overseas Private Investment Corporation (OPIC). According to Ralph McGehee's "CIA Base ©" both institutions are heavily infiltrated by the CIA and routinely provide NOC to its officers.

One of those loans to Russian financial/banking conglomerate The Alfa Group of Companies contained \$292 million to pay for Brown and Root's contract to refurbish a Siberian oil field owned by the Russian Tyumen Oil Company. The Alfa Group completed its 51% acquisition of Tyumen Oil in what was allegedly a rigged bidding process in 1998. An official Russian government report claimed that the Alfa Group's top executives, oligarchs Mikhail Fridman and Pyotr Aven "allegedly participated in the transit of drugs from Southeast Asia through Russia and into Europe."

These same executives, Fridman and Aven, who reportedly smuggled the heroin in connection with Russia's Solntsevo mob family were the same ones who applied for the EXIM loans that Halliburton's lobbying later safely secured. As a result Brown and Root's work in Alfa Tyumen oil fields could continue - and expand.

After describing how organized criminal interests in the Alfa Group had allegedly stolen the oil field by fraud, the CPI story, using official reports from the FSB (the Russian equivalent of the FBI), oil companies such as BP-Amoco, former CIA and KGB officers and press accounts then established a solid link to Alfa Tyumen and the transportation of heroin.

In 1995 sacks of heroin disguised as sugar were stolen from a rail container leased by Alfa Echo and sold in the Siberian town of Khabarovsk. A problem arose when many residents of the town became "intoxicated" or "poisoned." The CPI story also stated, "The FSB report said that within days of the incident, Ministry of Internal Affairs (MVD) agents conducted raids of Alfa Eko buildings and found 'drugs and other compromising documentation.'

"Both reports claim that Alfa Bank has laundered drug funds from Russian and Colombian drug cartels.

"The FSB document claims that at the end of 1993, a top Alfa official met with Gilberto Rodriguez Orejuela, the now imprisoned financial mastermind of Colombia's notorious Cali cartel, 'to conclude an agreement about the transfer of money into the Alfa Bank from offshore zones such as the Bahamas, Gibraltar and

others. The plan was to insert it back into the Russian economy through the purchase of stock in Russian companies.

"É He [the former KGB agent] reported that there was evidence 'regarding [Alfa Bank's] involvement with the money laundering ofÉ Latin American drug cartels."

It then becomes harder for Cheney and Halliburton to assert mere coincidence in all of this as CPI reported that Tyumen's lead Washington attorney James C, Langdon, Jr. at the firm of Aikin Gump "helped coordinate a \$2.2 million fund raiser for Bush this June. He then agreed to help recruit 100 lawyers and lobbyists in the capital to raise \$25,000 each for W's campaign."

The heroin mentioned in the CPI story, originated in Laos where longtime Bush allies and covert warriors Richard Armitage and retired CIA ADDO (Associate Deputy Director of Operations) Ted Shackley have been repeatedly linked to the drug trade. It then made its way across Southeast Asia to Vietnam, probably the port of Haiphong. Then the heroin sailed to Russia's Pacific port of Valdivostok from whence it subsequently bounced across Siberia by rail and thence by truck or rail to Europe, passing through the hands of Russian Mafia leaders in Chechnya and Azerbaijan. Chechnya and Azerbaijan are hotbeds of both armed conflict and oil exploration and Brown and Root has operations all along this route.

This long, expensive and tortured path was hastily established, as described by FTW in previous issues, after President George Bush's personal envoy Richard Armitage, holding the rank of Ambassador, had traveled to the former Soviet Union to assist it with its "economic development" in 1989. The obstacle then to a more direct, profitable and efficient route from Afghanistan and Pakistan through Turkey into Europe was a cohesive Yugoslavian/Serbian government controlling the Balkans and continuing instability in the Golden Crescent of Pakistan/Afghanistan. Also, there was no other way, using heroin from the Golden Triangle (Burma, Laos and Thailand), to deal with China and India but to go around them.

It is perhaps not by coincidence again that Cheney and Armitage share membership in the prestigious Aspen Institute, an exclusive bi-partisan research think tank, and also in the U.S. Azerbaijan Chamber of Commerce. Just last November, in what may be a portent of things to come, Armitage, played the role of Secretary of Defense in an practical exercise at the Council on Foreign Relations where he and Cheney are also both members. Speculation that the scandal plagued Armitage, who resigned under a cloud as Assistant Secretary of Defense in the Reagan Administration, is W's first choice for Secretary of Defense next year is widespread.

The Clinton Administration took care of all that wasted travel for heroin with the 1998 destruction of Serbia and Kosovo and the installation of the KLA as a regional power. That opened a direct line from Afghanistan to Western Europe and Brown and Root was right in the middle of that too. The Clinton skill at streamlining drug operations was described in detail in the May issue of FTW in a story entitled "The Democratic Party's Presidential Drug Money Pipeline." That article has since been reprinted in three countries. The essence of the drug economic lesson was that by growing opium in Colombia and by smuggling both cocaine and heroin from Colombia to New York City through the Dominican Republic and Puerto Rico (a virtual straight line), traditional smuggling routes could be shortened or even eliminated. This reduced both risk and cost, increased profits and eliminated

competition.

FTW suspects the hand of Medellin co-founder Carlos Lehder in this process and it is interesting to note that Lehder, released from prison under Clinton in 1995, is now active in both the Bahamas and South America. Lehder was known during the eighties as "The genius of transportation." I can well imagine a Dick Cheney, having witnessed the complete restructuring of the global drug trade in the last eight years, going to George W and saying, "Look, I know how we can make it even better." One thing is for certain. As quoted in the CPI article, one Halliburton Vice President noted that if the Bush-Cheney ticket was elected, "the company's government contracts would obviously go through the roof."

THE DARK PAST

In July of 1977 this writer, then a Los Angeles Police officer struggled to make sense of a world gone haywire. In a last ditch effort to salvage a relationship with my fiancée, Nordica Theodora D'Orsay (Teddy), a CIA contract agent, I had traveled to find her in New Orleans. On a hastily arranged vacation, secured with the blessing of my Commanding Officer, Captain Jesse Brewer of LAPD, I had gone on my own, unofficially, to avoid the scrutiny of LAPD's Organized Crime Intelligence Division (OCID).

Starting in the late spring of 1976 Teddy had wanted me to join her operations from within the ranks of LAPD. I had refused to get involved with drugs in any way and everything she mentioned seemed to involve either heroin or cocaine along with guns that she was always moving out of the country. The Director of the CIA then was George Herbert Walker Bush.

Although officially on staff at the LAPD Academy at the time, I had been unofficially loaned to OCID since January when Teddy, announcing the start of a new operation planned in the fall of 1976 had suddenly disappeared. She left many people, including me, baffled and twisting in the breeze. The OCID detectives had been pressuring me hard for information about her and what I knew of her activities. It was information I could not give them. Hoping against hope that I would find some way to understand her involvement with CIA, LAPD, the royal family of Iran, the Mafia and drugs I set out alone into eight days of Dantean revelations that have determined the course of my life from that day to this.

Arriving in New Orleans in early July, 1977 I found her living in an apartment across the river in Gretna. Equipped with scrambler phones, night vision devices and working from sealed communiqués delivered by naval and air force personnel from nearby Belle Chasse Naval Air Station, Teddy was involved in something truly ugly. She was arranging for large quantities of weapons to be loaded onto ships leaving for Iran. At the same time she was working with Mafia associates of New Orleans Mafia boss Carlos Marcello to coordinate the movement of service boats that were bringing large quantities of heroin into the city. The boats arrived at Marcello controlled docks, unmolested by even the New Orleans police she introduced me to, along with divers, military men, former Green Berets and CIA personnel.

The service boats were retrieving the heroin from oil rigs in the Gulf of Mexico, oil rigs in international waters, oil rigs built and serviced by Brown and Root. The guns that Teddy monitored, apparently Vietnam era surplus AK 47s and M16s,

were being loaded onto ships also owned or leased by Brown and Root. And more than once during the eight days I spent in New Orleans I met and ate at restaurants with Brown and Root employees who were boarding those ships and leaving for Iran within days. Once, while leaving a bar and apparently having asked the wrong question, I was shot at in an attempt to scare me off.

Disgusted and heart broken at witnessing my fiancŽe and my government smuggling drugs, I ended the relationship. Returning home to LA I made a clean breast and reported all the activity I had seen, including the connections to Brown and Root, to LAPD intelligence officers. They promptly told me that I was crazy. Forced out of LAPD under threat of death at the end of 1978, I made complaints to LAPD's Internal Affairs Division and to the LA office of the FBI under the command of FBI SAC Ted Gunderson. I and my attorney wrote to the politicians, the Department of Justice, the CIA and contacted the L.A. Times. The FBI and the LAPD said that I was crazy.

According to a 1981 two-part news story in the "Los Angeles Herald Examiner" it was revealed that The FBI had taken Teddy into custody and then released her before classifying their investigation without further action. Former New Orleans Crime Commissioner Aaron Cohen told reporter Randall Sullivan that he found my description of events perfectly plausible after his thirty years of studying Louisiana's organized crime operations.

To this day a CIA report prepared as a result of my complaint remains classified and exempt from release pursuant to Executive Order of the President in the interests of national security and because it would reveal the identities of CIA agents.

On October 26, 1981, in the basement of the West Wing of the White House, I reported on what I had seen in New Orleans to my friend and UCLA classmate Craig Fuller. Craig Fuller went on to become Chief of Staff to Vice President Bush from 1981 to 1985.

In 1982, then UCLA political science professor Paul Jabber, filled in many of the pieces in my quest to understand what I had seen in New Orleans. He was qualified to do so because he had served as a CIA and State Department consultant to the Carter administration. Paul explained that, after a 1975 treaty between the Shah of Iran and Saddam Hussein the Shah had cut off all overt military support for Kurdish rebels fighting Saddam from the north of Iraq. In exchange the Shah had gained access to the Shat al-Arab waterway so that he could multiply his oil exports and income. Not wanting to lose a long-term valuable asset in the Kurds, the CIA had then used Brown and Root, which operated in both countries and maintained port facilities in the Persian Gulf and near Shat al-Arab to rearm the Kurds. The whole operation had been financed with heroin. Paul was matter-of-fact about it.

In 1983 Paul Jabber left UCLA to become a Vice President of Banker's Trust and Chairman of the Middle East Department of the Council on Foreign Relations.

If one is courageous enough to seek an "operating system" that theoretically explains what FTW has just described for you, one need look no further than a

fabulous two-part article in "Le Monde Diplomatique" in April of this year. The brilliant stories, focusing heavily on drug capital are titled "Crime, The World's Biggest Free Enterprise." The brilliant and penetrating words of authors Christian de Brie and Jean de Maillard do a better job of explaining the actual world economic and political situation than anything that I have ever read.

De Brie writes, "By allowing capital to flow unchecked from one end of the world to the other, globalization and abandon of sovereignty have together fostered the explosive growth of an outlaw financial marketÉ

"It is a coherent system closely linked to the expansion of modern capitalism and based on an association of three partners: governments, transnational corporations and mafias. Business is business: financial crime is first and foremost a market, thriving and structured, ruled by supply and demand.

"Big business complicity and political *laissez faire* is the only way that large-scale organized crime can launder and recycle the fabulous proceeds of its activities. And the transnationals need the support of governments and the neutrality of regulatory authorities in order to consolidate their positions, increase their profits, withstand and crush the competition, pull off the "deal of the century" and finance their illicit operations. Politicians are directly involved and their ability to intervene depends on the backing and the funding that keep them in power. This collusion of interests is an essential part of the world economy, the oil that keeps the wheels of capitalism turning."

After confronting CIA Director John Deutch on world television on November 15, 1996 I was interviewed by the staffs of both the Senate and House Intelligence Committees. I prepared written testimony for Senate Intelligence which I submitted although I was never called to testify. In every one of those interviews and in my written testimony and in every lecture since that time I have told the story of Brown and Root. I will tell it again at the USC School of International Relations on December the 8th, 2000 - regardless of who wins the election.

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