

(A) Beverly Winter  
 SMH  
 NOT LEO-  
 Rais-  
 Morris  
 FIN P.31

SUMMARY of TRANSACTION

There are 2 funding requests involved, in US dollars, which are being supplied via a single collateral consortium of world banks:

- a) \$12T of 7½% Interest, 20 Year and 1 Day, Fresh Cut PBN's Swiss Bank Corp, with Deutsche Bank as Issuing Bank for Funders

Transaction Code: ~~DKGO~~ 83188 and JOS-TT-001

- b) \$15.5T of 7½% Interest, 20 Year and 1 Day, Fresh Cut PBN's Banque Romande as lead Funding Bank

Transaction Code: G.O.C.H. 11 0888

Collateral Code for both: EFG JACOBE/ICC400/322/C34i6

with Barclays Bank PLC of (London) and (AMRO Bank) of Amsterdam being the lead banks handling the collateral.

Buen  
 Dismiss  
 CBO

BACKGROUND

Promissory Bank Notes (PBNs) are one form of Bank Instrument used by countries in their national debt financing. They are also used as the basis of arbitrage transactions, which are illegal in the United States, but not elsewhere. In this transaction for an overall face value of \$27.5 trillion US dollars, the PBNs have been purchased by a consortium of funders, predominantly from the Far East and Europe. The funders have agreed to purchase the PBNs at 71.5% of their face value, to be repaid at par in 20 years and 1 day, together with an annual interest of 7½%. The PBNs have been sold by a consortium of some 200 banks at a cost of 61.5%. The 10.0% difference is made up of bank fees, suppliers (collateral) fees, funding agents fees and various commission fees, together with monies going to various countries to fund projects.

\*

Not so

Whilst the US Government has no direct role in this transaction, it is involved in its administration because the currency basis is the US dollar. In this type of transaction the only "real" money involved is the 10% difference between the cost and the invoice price to the funder's; the remainder is a computerised paper transaction. The "real" money was supplied by a variety of sources in many different currencies, in gold and other forms of convertible collateral. The US Government's role was to agree to

FW, p. 32

convert these foreign monies into US dollars, which they did at considerable profit by converting at a substantial discount. Because of the huge amounts of money, these conversions took place in major US banks, led by Morgan Guaranty Trust Bank, under the direction of the Comptroller of Currency, a part of the US Treasury Department, in co-operation with the Federal Reserve, the Attorney General, and the State Department, under the overall direction of the White House.

This loan transaction is the largest ever put together, and some two thirds have been completed, resulting in some 1.76 trillion dollars worth of foreign monies having been put up for conversion. We do not know the discount employed, but we believe that it was between 10 and as much as 25% in some cases, hence the remaining monies for disbursement must lie somewhere between 1.3 and 1.6 trillion US dollars, ie the United States has already received a minimum of \$150 billion dollars in "conversion" fees. The remaining monies for disbursement have been held by the US banks, for reasons which can only be described as fraudulent, under the direct instruction of the US Government, for over a year and a half. In addition, there has been a conspiracy of misinformation, orchestrated by the highest levels of the US Government, regarding the exact whereabouts of these monies and the timing of their payout. These monies should have been paid out in June, 1989, or shortly thereafter.

**TAX AGREEMENT**

To avoid key Government people becoming directly implicated in the delays and improper uses of the money, a tax treaty was agreed on June 28th, 1990, between the IRS and the transaction Mandate, Mr Alex Gaus, Jr, Trust Manager of First Central Holdings Inc of Chicago, whereby a single, reduced tax sum of 15% only would be taken out up front, instead of the full amount otherwise due in 1991 from the Trust in taxes. This reduction was in lieu of the interest which should have been earned since April, 1989, and the advance tax payment. As a result of the US Government budget negotiations in July, the Government requested that the treaty sum be increased to 18%, a total tax payment of \$318B. This was agreed to by Mr Gaus on July 25th.

Whether co-incident or otherwise, it should be noted that on Feb 7th, 1991, the Secretary of the US Treasury Department, Nicholas Brady, announced that the Budget deficit forecast for 1991-92 would be \$318B.

Together with the "conversion" costs, the United States will have benefited from this transaction by a sum of at least \$400 Billion US dollars, yet they are still holding onto all the monies for disbursement.

FIN, p. 33

THE DELAY TACTICS

Because of delays in commencing the payouts of the commissions and fees, the UK Government's Department of Trade and Industry (DTI) requested Mr Gaus to submit a formal demand for the payments, which was delivered both by DHL courier and by fax on June 7th, 1989 to the Chairman of Barclays, Mr J D Quinton. No payments resulted. This was the start of a long series of delays.

The control of the daily disposition of the monies has been coordinated through the Office of the Comptroller of Currency, working with the Federal Reserve, the Treasury, the Attorney General and the 'big 5 banks' in New York, led by Morgan Guaranty Trust Bank. The North Carolina National Bank has also been deeply involved.

On the one hand parcels of money were placed out all over the world to earn interest, whilst on the other hand the Mandate, Mr Alex Gaus, Jr, was fed a series of stories that the payout was imminent. He had arranged that the monies should be funneled through a Trust account in the Standard Chartered Bank in Chicago. Repeatedly it was promised that the monies were about to be, or were in the process of being, transferred to that account. This went on on a daily basis, with a definite promise made for September 4th, 1989. The daily promises continued.

On October 17th, 1989, the European Central Banks prepared a lawsuit against the US which the Rothschilds were happy to sign. On Oct 27th, 1989, the Central Banks in Europe filed a formal complaint against the US Treasury. On November 1st, President Bush set up the Blue Task Force reporting directly to himself, with ex-President Ford and Senator Robert Dole in charge of day-to-day affairs, to investigate the complaints. They discovered that the Federal Reserve and other Government Agencies had concocted stories to tell Mr Gaus and others involved in the transaction. The Agencies were chided by President Bush on November 15th, 1989. The Blue Task Force finished its work in early January, 1990.

On December 4th, 1989, the US Government decided to change tactics. Mr Gaus was informed that the Standard Chartered Bank was too small to handle the transaction and did not have a Trust Department able to handle such large amounts of funds. They decided, with the Federal Reserve, that the Trust should be handled by First National Bank of Chicago. This was agreed to, but the net result was the same, with the Trust not becoming active, as promised. The Central Bank of Holland became very angry, and on December 7th demanded that they take up their seat on the Federal Reserve Board to pressurise the Board to make good their promises. On 13th, the Chief Counsel of the Federal Reserve in New York, Mr Patrikis, according to reports from the US Treasury and the US Attorney General's Departments, was fired.

The role in the Government's actions of Mr Alan Greenspan, Chairman of the US Federal Reserve, was questioned. This was as a result of an investigation by the OSI into misappropriation of major funds and other irregular practices.

On December 8th, 1989, Mr Gaus was interviewed by the FBI to determine how strong his case was against the US Government. He told the FBI that it was not the Government's money, and that ultimately the European Central Banks and the Rothschilds would be held responsible for payment, who in turn would charge the US Government of embezzlement of the funds sent over in April, 1989.

From the start, a strong liaison was maintained by Mr Gaus with Baron Rothschild in Paris and Mr Konoble, President of the World Bank, but even they were continuously lied to. For example, on December 15th, 1989, the Rothschilds were informed "that the transaction was complete with just a little work remaining in the Trust department. Likely to be disbursed on the following Monday."

On many occasions the money was released as credits to the Trust account, but there were no monies to back the credits, so the credits were voided. For example, Mr Gaus received a call from Senator Dole's office on December 28th to say that the release had been executed late the previous evening - nothing transpired.

In early 1990 Mr Gaus discovered that the paylists, as originally documented, had not been lodged as stated with the purchase contracts, and the fee disbursements had all to be re-negotiated. He finally resolved a revised fee schedule on April 2nd, 1990.

On March 7th, 1990, Mr Gaus decided to set up his Trust Account in the Harris Trust of Chicago (a Republican bank) on the basis that they were not involved in holding any of the monies, and that they would only be paid their fee on completion of the disbursements. This was agreed to by the Government. After a month of involvement, Harris Trust decided that it was too tangled, and they could not handle the risk on their own, so Continental Bank of Illinois was called in. It was believed that this was safe because the Comptroller of Currency had previously given a substantial bail-out loan to the bank and thereby was the largest (25%) shareholder. By May 4th the Trust Account negotiations were completely under the jurisdiction of Continental. However, the banks and the US Government continued to stall over sending the monies into the designated Trust account.

Some of the Government liaison with Mr Gaus in the early part of 1990 was through the CIA, but that was very limited.

President Bush ordered the release of the monies at a Cabinet meeting on April 2nd, 1990. This was resisted by Mr Brady, who was over-ruled by the President. Still it was not paid out.

Investigations were made into First National's role. "Payout delayed until after April 17th to complete investigations into possible arrests of top bank officials."

By late April, 1990, the US Government was under severe foreign pressure, and President Bush took charge directly, with his Chief of Staff John Sununu handling day to day liaison with the Mandate, Mr Gaus. Despite many promises and reports, nothing reached the Trust account.

On May 8th, 1990, there was an official complaint by the Trilateral Commission against the transaction regarding the arbitrage split between Japan, Taiwan and the US.

In July, 1990, it was discovered that the Comptroller of Currency, Mr Clark, a Reagan man, had opened an account in the name of First Central Holdings, but under his own control. So when he said things had moved towards the account, and others monitored the movement of monies, the statements were seen to be correct. But of course subsequent payouts never occurred. On July 18th a Government lawyer reported that President Bush had suspended Mr Clark and sent him on an extended vacation, and his position was temporarily taken over by Judith Walters. Mr Clark had appealed to Mr Reagan and President Bush had had to confront Mr Reagan in his California home the previous week, in the presence of ex-Presidents Nixon and Ford, and tell him that he was no longer running the Government and could not do so in absentia. It was then discovered that Mr Clark had had Mr Gaus' phone tapped. It was also discovered that Mr Clark had not previously revealed to the President's staff where all the monies had been placed, some in secret accounts. When Mr Reagan was informed he was "mildly embarrassed." Other changes took place in the C of C's office, with Karen Wilson moving from Chicago to New York and Robert Herman taking over in Chicago, reportedly to close any areas whereby the Government's role in the delay and deception might leak out.

Besides daily promises of positive activity, these are some examples of particular unfulfilled completion promises from the White House to Mr Gaus:

→ "President Bush issued yet another release decree on June 4th, 1990, for immediate disbursement."

"The monies had to be paid out before President Bush met President Gorbachev in Helsinki in June, 1990."

"The monies had to be paid out before the July, 1990 NATO meeting."

"The monies had to be paid out on conclusion of the G7 meeting in Houston on July 11th, 1990." On return to the White House, late in evening, President Bush signed off on

Fin p.36

each block of money. "Documents to be received on 12th confirming President Bush and Sununu's orders."

"To be paid out immediately Congress rose on August 3rd, 1990."

At the end of August, 1990, the banks claimed that they could not locate all the monies, so Mr Gaus was asked to take some Treasury Bills instead. The Treasury Bill preliminaries were simply another planned delay tactic that wasted another few weeks. Ultimately all the monies were located and so the Treasury Bills were scrapped as unnecessary.

THE CURRENT SITUATION

By mid-September, 1990, when nothing had materialised, Mr Gaus, as Mandate for the Transaction, filed a mandamus in the State Court of Illinois requiring the banks to make full disclosure on the disposition of the monies and requiring them to place the monies under the control of his Trust account. Various amounts of money trickled in from all over the world during the next few weeks, until finally on October 3rd the Comptroller of Currency's Office issued instructions to the Federal Reserve to release the monies to the Trust account. It was stated that the commission and fee monies sent out from the Trust account on October 4th would reach the various payees around noon, Friday, October 12th. They did not arrive.

On October 15th, 1990, Mr Gaus took Continental Bank to court to demand that they give out proper information and follow his instructions. This was completed at 1.30pm on October 16th and Mr Gaus received the document at 3.30pm. The last banking details and sequence numbers were registered at 2.30am, on 17th. It was decreed that the details should be handed over at 4pm. A pouch containing the details was delivered to the World Bank at 4.30pm. Some people from Washington were to bring a similar one to Mr Gaus, and it was delivered to Continental by midday on 18th, and officially signed over between 3 and 3.15pm. Mr Gaus was to receive the receipts, by due legal process, on 19th, after 10am.

See  
you = D  
Continental

In October, 1990, Senator Lloyd Bentsen, at the request of a personal friend and co-ordinate in this transaction, met with John Sununu, White House Chief of Staff, to discuss the delays in the payments, and Sununu assured Senator Bentsen that they would be made shortly. On Nov 14th we learnt from Mr Gaus that the FDIC had been delegated full powers, acting as owner/banker, to distribute the monies under the court orders, so eliminating any further role by the Federal Reserve and the Administration.

On Dec 30th, 1990, the 2nd and final court extension expired at midnight. The money had been ready for payout since Thanksgiving

FIN, p 37

but lawyers had been trying to close loop holes to protect the President, his staff and members of his Cabinet over their roles in the delays. The lawyers claimed to have finished these legal manoeuvres by Jan 2nd, 1991, and the monies should have been released in a day or two! Mr Gaus liaised with Mr Witley, lawyer for the FDIC on Jan 4th, and received papers pursuant to the court order.

On Jan 8th, 1991, Mr Gaus claimed that the Government entities were completely inept and fearful to make decisions in case they implicated the Government in the previous mishandling.

On Jan 10th, 1991, Mr Gaus had received an audit for the monies sent out, but the final release had not been issued by Washington on 11th, as agreed. On Jan 14th, the lawyer for the Republican Party said to Mr Gaus that it was "all very positive". However, on 16th and 17th there were repeated stalls in order to move small amounts of money into the accounts. On Jan 18th Morgan Guaranty Trust Bank reported to Mr Gaus that there were no further postings to the accounts and that the 5th or 6th final(!) audit had been completed at 12.17 pm by Arthur Anderson & Co. We then learnt that they were making further postings up to 2.30 am on 22nd! Mr Gaus received a fax at 3.43 pm CST stating that all transfers had been capped and the trial balance was OK. According to the Federal Reserve and Government sources and the FDIC, the payment process supposedly started on Jan 18th, 1991.

On Jan 23rd, 1991, Mr Gaus received a 4th invitation to sign receipted documents pursuant to the court order, and the monies were then supposedly on the way to the various payee accounts, according to reports from Government lawyers. On 25th a fax was received by Mr Gaus stating "At the demand of the Treasury Department a massive internal movement of funds to the First Central Holding Company Account Holders had started at 3 am EST and was completed at 7.36 am." This was verbally confirmed by both the Government and banking sources on 28th. That evening Mr Gaus reported that he had just signed the invoices for the monies sent out to the payees and would get a summary document in the morning.

Late on Jan 30th, 1991, all the interbank codes were cleared by the US Treasury Department. The next day the Federal Reserve reported to Mr Gaus that everything had been cleared by the afternoon.

Government lawyers spoke to Mr Gaus on Feb 8th, and reported that "there was nothing left to clear. Money is on the way to the co-ordinate accounts." On Feb 11th, the Federal Reserve and the FDIC reported that everything had been released to the accounts on the 11th. On Feb 12th a confirmation report was received from the Federal Reserve that everything had been cleared through the Federal Reserve account in Morgan Guaranty in their designated bank to go to the co-ordinate accounts, and receipts for those

transfers were received back by the Federal Reserve at 4.06 pm EST on Feb 12th, 1991. A fax was received from the Federal Reserve in the morning of Feb 14th with a full report on the portfolio, together with the comment that "First Central Holding Company will receive all indemnification and receipts between this afternoon, Feb 14th, and 9 am of Feb 15th, 1991."

On the morning of Feb 15th a telephone call was received from John Sununu's office General Council that "final documents on the release of funds from the Federal Reserve would be completed by early afternoon, today Feb 15th, and their office will inform First Central Holding Company immediately, and they will be available for Mr Gaus sometime today." On Feb 19th, the Federal Reserve telephoned Mr Gaus to state that "the documents slated for release 14th and 15th were not released until noon today, 19th. You will be notified in the late afternoon today as to when to pick up those documents." Government lawyers also called and confirmed that the documents had definitely arrived in Chicago, and he would be "notified very shortly." The Government lawyers have been stating on a daily basis that documents are ready, but as of Feb 22nd, 1991, none of these documents have been received Mr Gaus.

Since mid-September, 1989, the Government and the Mandate, Mr Gaus, have been under severe pressure from the European Central Banks because the Banks' demands for payment have been totally ignored.

We have learnt from bitter experience that we cannot trust any promises. To date, no solid evidence of any payments to any person or organisation has been produced. We can only believe when the monies actually reach the accounts of the payees and are negotiable.

In case legal action may have to be taken against the Principals involved, everything is now fully documented as regards when the funds were released by the Federal Reserve through the major banks in New York that are acting as the Federal Reserve depository and as correspondants for the co-ordinate accounts. There is a complete written record of faxes and documents received by First Central Holding Company throughout the history of this transaction and these documents have been placed in a safe deposit.

February 22nd, 1991

FIN, p. 39

APPENDIX A

TRANSACTION DETAILS

The first attempts to put this transaction together started some three years ago, in the Reagan administration, and it was then known as the "Baker-Brady-Bush Deal". The last attempt in the Reagan term failed on November 8th, 1988. The funding request was then given to Mr Alex Gaus, Jr, Trust Manager of First Central Holding Co just prior to November 15th, 1988, and he restructured the funding request into two main parts:

The first part was organised with the Canadian Imperial Bank of Commerce for a total of 6 trillion US dollars, together with the Swiss Bank Corporation (SBC), also for 6 trillion US dollars, giving a transaction total of 12 trillion US dollars. This part was subsequently merged under the SBC for the total 12 trillion US dollars. The second part was organised through the Banque Romande for a total of 15.5 trillion US dollars, giving a grand total of 27.5 trillion US dollars.

The new, combined request to purchase was issued on 4th January, 1989 to specialised brokers, who passed the request through to a supplier of PBNs ("collateral provider"). The Sight Drafts for both transactions were screened by the AMRO bank in Amsterdam, and the collateral was organised, under a single collateral supply code, to be supplied through Barclays Bank PLC in London as the lead bank for the SBC transaction and the AMRO Bank in Amsterdam as the lead bank for the Banque Romande transaction. (Barclays also supplied a small part for the Banque Romande transaction.) (The single collateral supply code was reconfirmed on April 20th, 1989.)

The commission payments were arranged and allocated by Mr Gaus in consultation with the funders et al on January 17th, 1989. Mr Gaus submitted all the individual commission fee payorders via the SBC to be lodged with the contract, but these were rejected in favour of a simple summary list prepared by Mr Gaus on February 6th. Both Barclays and AMRO verbally confirmed that these master paylists were lodged with the purchase contracts.

The Barclays transaction was temporarily halted on April 16th, having processed approximately 8 trillion dollars, and the AMRO transaction was similarly halted on April 18th, having processed approximately 9 trillion dollars. The total commission fees and charges for all parties earned to date, less 10 billion on each transaction, were transferred to the respective New York branches of Barclays and AMRO on April 24th and 28th and placed in special "red star" internal VIP accounts, ready for disbursement.

On May 25th, 1989, the final audit for Barclays' 8 trillion was completed, and the funders and collateral suppliers signed off. The audit of the AMRO transaction was similarly completed on June 2nd, 1989. The commission fees earned to date should have been disbursed shortly thereafter. The transactions were to be resumed after Government review.

MAJOR OR PART 7  
PAUL -