

Name: Alert ID: TMML202403679553 Le secret des grandes fortunes sans cause apparente est un crime oublié, parce qu'il a été proprement fait." - Honoré de Balzac, Le Père Goriot " The secret of a great success for which you are at a loss to account is a crime that has never been found out, because it was properly executed," more dramatically rendered in English as " Behind every great fortune lies a great crime." President Obama is nominating his top fund raiser, Penny Pritzker, to be Secretary of Commerce. Incredibly - perhaps I should write, sadly - the announcement is causing hardly a stir among the liberal and progressive blogosphere. At the very least, Greg Palast's May 4, 2013 post at Smirking Chimp, Billionaire Bankster Breaks into Obama's Cabinet, should be going viral. Palast wrote: Pritzker's net worth is listed in Forbes as \$1.8 billion, which is one hell of a heavy magic wand in the world of politics. Her wand would have been heavier, and her net worth higher, except that in 2001, the federal government fined her and her family \$460 million for the predatory, deceitful, racist tactics and practices of Superior, the bank-and-loan-shark operation she ran on the South Side of Chicago. Superior was the first of the deregulated go-go banks to go bust – at the time, the costliest failure ever. US taxpayers lost nearly half a billion dollars. Superior's depositors lost millions and poor folk in Sen. Obama's South Side district lost their homes. There were also a couple diaries on DailyKos, including by front pager Laura Clawson, who called attention to Pritzker's and her family's role in Hyatt Hotels, which has compiled what may be the worst records of labor abuses in the hotel industry. Incredibly, just to prove, I suppose, how hopelessly uninformed, ignorant, and unaware liberals and progressives can be, someone posted in one of the first comments, "She's not the monster you think she is." Even President Obama rushed to show that he was likewise uninformed, ignorant, and unaware, though at this point I'm not about to attach the labels "liberal" or "progressive" to him. "She's built companies from the ground up," Obama said. "She knows from experience that no government program alone can take the place of a great entrepreneur." There once were, in most every city, old labor and socialist organizers, veterans of the labor strife of the 1920s and 1930s, you could sit down with in a neighborhood tavern, and during the course of an evening, well lubricated by a few pitchers of beer, tell you more than you really wanted to know about who was actually running your town. How the police chief's kids got really good paying jobs because the chief would not make too many inquiries about (in other words, would remain deliberately uninformed, ignorant, and unaware) the prostitution on the West Side; or the numbers racket along the riverfront; or the freight pilferage at the airport. How the mayor's wife was able to drive around in a brand new Cadillac because a certain tract of land had been quietly rezoned, to the advantage a mayoral crony. Such petty corruption used to be the stock in trade of good local investigative reporters at big metropolitan newspapers, back in a nearly forgotten era when FCC rules made it nearly impossible for one or two corporate behemoths to own every major newspaper, radio station, and television station in one city. Many of you already know that I used to be an economics correspondent, and that I burned out and became depressed watching Wall Street have its way in the early 1990s in what was called, back then, "off balance sheet liabilities" (what we today call "financial derivatives" - the stuff, like credit default swaps, that blew up in 2007 through 2008, and left a dismaying amount of the world's economy in ashes). Well, that's not really the whole truth. About what got me depressed, that is. So, tonight, you're going to learn a bit more of the truth. You're going to learn some of the dark, frightful secrets hidden away in my memory; stuff I usually don't mention, because it makes a lot of people very uncomfortable. In a word, the mob. Organized crime. The syndicate. In Chicago, it was called the Outfit. But every major city had its own crime family, or branch thereof. You see, part of what I researched and wrote about in that depressing period of nearly a quarter century ago was how the billions of dollars, nay, hundreds of billions of dollars that were fueling what was politely called mergers and acquisitions, most especially including leveraged buy outs, came from, not entirely, but in large part, organized crime. That included hundreds of billions of dollars that the Wall Street banks laundered from illegal narcotics trafficking, including heroin and cocaine. The beginnings of financial derivatives were closely tied to the mob going legit. So, the Reagan regime of deregulation was really a double whammy. It basically decriminalized the worst behavior of banks and corporations, at the very time that some of the most immoral, ruthless, indeed murderous, people in America were buying legitimacy for themselves and their heirs by seizing control, through brazen manipulation of debt and stock markets, of America's industrial companies. The story of the hour is Penny Pritzker becoming Secretary of Commerce. So, tonight, you're going to learn about the Pritzker family and its fortune. I

suspect that it's probably more than you want to know. The origins of the Pritzker family fortune was her grandfather's mob connections when he was a tax attorney for a lot of people in "The Outfit," the Chicago mob, beginning under Al Capone, and continuing through the 1980s. This connection to organized crime was reportedly what financed the creation of Hyatt Hotels by Penny's father. There was no crime involved, but the financial backing came from organized crime, plain and simple. The details are in Gus Russo's 2006 tome *Supermob: How Sidney Korshak and His Criminal Associates Became America's Hidden Power Brokers*. Russo's book is crucial reading for anyone trying to understand why America's ruling elites are, well, so bad. It's not really a matter of incompetence or ineptitude. Rather, it is a case study in how the republican (small "r", not capital "R" as in the Republican Party, or GOP - greedy old pricks) ideals of public virtue, the general welfare, and economic and political equality, are forgotten and eventually undermined by allowing a criminal class to become legitimate and amass political and economic influence. The story of the Pritzker family is an all-American story, of how a family with ties to organized crime amasses a great fortune while striving relentlessly for legitimacy, and arrives at the pinnacle of economic and political power in America. Chris Hedges is not exaggerating when he states that "the criminal class in this country has seized power." This ascent to America's summits is an oft-trod trek, pioneered by Boston and Newport maritime merchants who parlayed opium and millions of ruined lives in China into wealth, respectability, and power in the 1800s. Many of the mercantile banks established along the way are still with us, brightened and prettified by numerous changes in corporate branding. The one constant is the ruthless concentration on private gain. The extent to which that concentration on private gain is tempered and ameliorated by fleeting notions of public service provides the cracks and crevices in which the ebb and flow of history eddy and swirl. Now, you can point to the Kennedy family as an example of ill-begotten gains leading to some very good minded public service. But Penny Pritzker's roles at Hyatt and Superior Bank are, to say the least, highly troubling, and cast doubt on the idea that she may be anywhere near as mindful of the general welfare as John, Bobby, and Edward Kennedy were. Instead of public service, the tradition in the Pritzker family seems focused on economic exploitation of others, skirting the law as much as possible, and shady dealings. There is a strong tradition in the Pritzker family of outright money laundering and offshore tax evasion. Before Superior Bank, the Pritzkers controlled Frontier Finance, a loan company in Chicago that one source told Russo "is believed to be the secret to the origins of the family's involvement with criminals." The president of Frontier Finance was Frank Buccieri. And Buccieri's brother was the greatly feared "collector" for the Outfit, Fiore "Fifi" Buccieri, who Life magazine in May 1969 termed "leader of [Sam] Giancana's assassination squads." The Wikipedia entry on Fiori Buccieri is chilling: During the bootleg wars of Prohibition, Buccieri was reportedly involved in at least 10 gangland slayings. In the 1960s, following Giancana's rise to the day-to-day "boss" position in the Outfit, Buccieri served as a top enforcer and personal hitman. He was also involved in labor racketeering bombing, arson and loan sharking. As a loan shark, Buccieri would send his men to stake out employment offices. These thugs would pass out business cards to the unemployed that listed Buccieri as a, "loan officer." The mob generally viewed unemployed workers as poor loan prospects; however, Buccieri was so effective at intimidating his "juice," or "loan interest," victims that they would steal or rob to pay him off. Buccieri would often warn friends of a "juice" victim not to ride around with him, "because he is going to get hit." When the victim heard this warning, he would quickly pay up. It is not clear whether Fiore Buccieri's "sales pitches" at employment offices fed "clients" to his brother's (and Pritzker's) Frontier Finance, but that is a reasonable assumption. Buccieri used a warehouse where he would hang his victims on a meathook (maybe Hollywood got this gruseome idea from its mob connections?), the most infamous such murder was that of loanshark William "Action" Jackson, in 1961. After being arrested while unloading a truck of stolen radios then released, rumor spread within the Outfit that Jackson had become an FBI informant. Buccieri and two others hung the 300-pound Jackson on a meat hook and tortured him with ice picks, baseball bats, a blow torch and an electric cattle prod for nearly three days, until Jackson finally died. Federal authorities later obtained details of Jackson's murder from conversations overheard between Buccieri and one of the other murderers. But, you object, so far all we have is guilt by association. Uh, yeah. Get over it. In fact, learn to use it. You want a criminal indictment or conviction? Ain't going to happen. Not for the most successful criminals. As Russo quotes John P. Barnes, Judge of the United States District

Court for the Northern District of Illinois from the 1930s top 1950s: "The Syndicate could not operate without the approval of the [State's Attorney's] office.... The relationship between the State's Attorney's office, and Capone's Syndicate, under [Tom] Courtney and [Dan] Gilbert, was such that during the entire period that Courtney was in office [1932-44], no Syndicate man was ever convicted of a major crime in Cook County." A specialty developed and refined by the Chicago Outfit was labor racketeering. Al Capone's very own lawyer, Abe Teitelbaum got the bar rolling when he was "hired" as the attorney for the Chicago Bar and Restaurant Association in 1932. As the U.S. Senate Select Committee on Improper Activities in Labor and Management (also known as the McClellan Committee) stated in its final report in 1950, the Association, under the counsel of Teitelbaum, functioned "principally to to defeat and destroy legitimate unionization and has callously and calculatedly used men with underworld connections to make collusive arrangements with dishonest union officials." Teitelbaum's labor racketeering became of forte of Sidney Korshak, who would become a key Pritzker associate. Russo writes that In the case of unions not directly under the mob's control, it was often just a simple matter of paying off the union bosses to persuade them to accept a substandard deal, a modus operandi adopted by Sid Korshak. "He made cash payoffs to business agents - five thousand dollars here, three thousand dollars there," said Leo Geffner, a Los Angeles attorney who negotiated with Korshak years later. "I know that. That's the way it was--to keep labor peace, you'd find a corrupt business agent and pay him off." Of course, in doing so, the racketeer stabbed both the workers and their employers in the back. Ironically, this was the very abuse suffered by Korshak's grandparents in Kiev. The ever-vigilant Korshak gadfly, Lester Velie, succinctly described [in Readers Digest in 1957] how the treachery worked: "The deal may be to bring a "friendly" union in, or to keep a union out, or to accept substandard wages.... In the deals that the go-between arranges, the union's function is perverted. Instead of serving as an instrument to win better wages and working conditions, it becomes a tool for keeping the worker in line. Thus it performs the same function as the unions do in Communist Russia." What do you think? Would it be impolite to ask Penny Pritzker, in her confirmation hearings, about her grandfather's relations to organized crime? Is it impolite to ask her if her ideas about suppressing workers wages are in any way informed or influenced by the role of her grandfather's associates in smashing and corrupting unions? It does seem to be a tradition in her family. Is it impolite to ask about the similarities in the business models of Frontier Finance in the 1950s and Superior Bank in the 1990s? And is Penny Pritzker now willing, without hesitation, to condemn the type of banking practices that seem to be another family tradition among the Pritzkers? Back in February 2008, Dennis Bernstein reported, in Obama's Sub-Prime Conflict, Though Superior Bank collapsed years before the current sub-prime turmoil that is rocking the world's financial markets – and pushing those millions of homeowners toward foreclosure – some banking experts say the Pritzkers and Superior hold a special place in the history of the sub-prime fiasco. "The [sub-prime] financial engineering that created the Wall Street meltdown was developed by the Pritzkers and Ernst and Young, working with Merrill Lynch to sell bonds securitized by sub-prime mortgages," Timothy J. Anderson, a whistleblower on financial and bank fraud, told me in an interview. "The sub-prime mortgages," Anderson said, "were provided to Merrill Lynch, by a nation-wide Pritzker origination system, using Superior as the cash cow, with many millions in FDIC insured deposits. Superior's owners were to sub-prime lending, what Michael Milken was to junk bonds" In other words, if you traced today's sub-prime crisis back to its origins, you would come upon the role of the Pritzkers and Superior Bank of Chicago.... When it collapsed in 2001, Superior Bank represented the largest failure of a U.S.-insured depository institution for a decade. "The failure of Superior Bank was directly attributable to the Bank's Board of Directors and executives ignoring sound risk management principles," said FDIC Inspector General Gaston Gianni Jr. in a Feb. 7, 2002, report. Banking whistleblower Anderson noted that "Superior failed at a time of historically low interest rates, high employment, a strong economy, and a growing housing market.... There was no reason for it to fail unless you consider gross negligence, a flawed business plan, and a conspiracy to deceive the regulators who were clearly asleep and were negligent themselves in their duties of protecting the class of underinsured depositors." A few voices the past few weeks have raised the issue of Hyatt Hotels and Superior Bank, but this past week, Rick Perlstein's two-part article in The Nation, raised an even more troubling chapter of Pritzker history: the family's connection to Castle Bank of the Bahamas. According to Russo (pages 439 ff.) Castle Bank was the granddaddy of offshore money

laundering and tax evasion. Castle Bank was set up in 1964 by former senior Office of Strategic Services officer Paul Helliwell, who had become an important cutout for hiding CIA funds; Morris Kleinman of the Cleveland organized crime family headed by Moe Dalitz; Burton Kanter, a tax attorney for the Pritzkers, and a board member of Hyatt; and Stanford Clinton, a partner in grandpa Pritzker's law firm, and a trustee of the Teamsters Pension Fund, which was an important center of mob finances in the 1950s through 1960s. (Much of the financing for organized crime's invasion of Las Vegas came from the Teamsters Pension Fund, usually at absurdly low interest rates. Russo, p. 438, notes that Hyatt's 1972 acquisition of the Four Queens casino was financed by a loan from the Teamsters Pension Fund loan at just four percent, saving Hyatt \$8 million.) Essentially, Castle Bank pioneered the development of offshore money laundering and hiding, and served not only to launder illegally obtained money for US organized crime families, but to launder money for the CIA to fund various covert operations around the world, particularly in South America. According to Russo,it turned out that the Pritzkers were the largest depositors in one of the most notorious offshore tax havens ever devised, The Castle Bank of the Bahamas, which was nothing less than an intersection of the Supermob, known gangsters, pop stars, a U.S. president, and the covert branch of the CIA--all of whom had good reason to hide their money from Uncle Sam. Bahamian and Cayman Islands banks have long been valued by those wishing to hide their money because those nations absolutely refuse to cooperate with U.S. law enforcement. Bank expert and author Penny Lernoux wrote of the main advantage of the Caribbean banks: "Relying on a strict code of banking secrecy that makes Swiss banks look like blabbermouths, hundreds of banks have set up operations in the Caribbean." To further guarantee its clients' anonymity, Castle had arranged for Miami National Bank, which was controlled by Lansky associates, to accept the deposits, then transfer the deposit list to Castle with no names attached--only code numbers. Agent Furfaro was among those frustrated by the government's inability to follow the money trail. "The money was getting out of the country through Western Union," Furfaro recently said. "But we weren't allowed to follow it. And the foreign banks wouldn't let us in. We had reports that money was also being shipped in railroad cars and containers placed on ships. There was so much money that they would just weigh it instead of count it.... ..Given all the Pritzker associates involved in the management of Castle, it came as no surprise when Pulitzer Prize-winning journalist Knut Royce determined in 1982 that the Pritzkers were in fact the bank's largest depositors. A September 1972 IRS statement noted, 'An informant [F. Eugene Poe, a former VP and director of Castle Bank] with access to the records of Castle Trust has stated that the Pritzker family of Chicago, through their Hyatt Corporation, received their initial backing from organized crime. By 1977, IRS investigators had made things so hot for Castle Bank that it lost its banking license in the Bahamas, and moved to Panama. In April 1980, the Washington Post reported that not much more came of the IRS investigations because the CIA's Office of General Counsel warned that further pursuit of Castle "would harm the national security." (A scan of the Post article was online here at the time of this writing.) Russo notes that at the time the IRS investigation was terminated, the IRS Commissioner was Nixon appointee Donald Alexander, who was a senior partner in the Cincinnati law firm of Dinsmore, Shohl, Coates and Deupree - which law firm also had accounts with Castle Bank. Alexander either ordered or accepted the termination of the investigation into Castle Bank, despite it having already recovered \$52.5 million in tax penalties. Frontier Finance. Castle Bank. Superior Bank. If you don't see a pattern yet, Russo reports on page 521 that when the Pritzkers began to develop their Hyatt hotels in Saudi Arabia, they partnered with the Bank of Credit and Commerce International (BCCI), at one time the seventh largest private bank in the world. In July 1991, customs and bank regulators in seven countries raided and seized the branch offices of BCCI in their countries because BCCI was involved in massive money laundering and other financial crimes worldwide. In 1986, a US Customs undercover operation had infiltrated BCCI and found the bank actively solicited deposits from drug traffickers and money launderers, including the Medellin Cartel. Among BCCI's clients were Saddam Hussein, Manuel Noriega, Hussain Mohammad Ershad and Samuel Doe. USMC Colonel Oliver North used multiple accounts at BCCI to fund Reagan's Iran-Contra operations. And, true to the pattern, the CIA also used BCCI to finance and buy arms for the Afghan mujahideen fighting the Soviet occupation of Afghanistan. Maybe not all rich people are bad. Maybe there are some that made lots of money actually doing something useful. I personally don't think so. I don't believe there are that many rich people – and I mean people in the top one percent,

people with a hundred million or more, and most especially I mean billionaires – who got rich honestly and without hurting a lot of people on their way to the top. When I review the history of the Pritzker family, and its rise to political power in the person of Penny Pritzker, I think it is just the most recent example of the process the Bible describes about how a nation comes to be ruled by mean-spirited and unjust people. Then I look at the destruction of America's working class since 1980, and I see the warnings of the Bible about the disasters that befall such a nation being fulfilled. Penny Pritzker, I'm sure, is a perfectly charming and very nice lady. I have no doubt she throws nice parties, and donates to very worthwhile charities, and is a pillar of her local community. But honestly, screw Godwin's law: the very same was said about a lot of Germans in the 1950s who were officers and guards at Nazi death camps just a few years before. Why is it so hard to comprehend that someone can be a sweet and wonderful parent and grandparent, a rock of their church, a pillar of their community, yet make a living being the most despicably ruthless corporate banditti. I mean, who are the people who work at the banks that foreclosed on the homes of actively deployed servicemen and women? Or the people that are now overseeing the robo-signing the latest wave of fraudulent bank actions, collection of credit card debt? Maybe we don't like to think about this; maybe we're much more comfortable reading about the latest corporate or bankster ripoff, or corruption of our political life, or oil spill, and not actually know the people who occupy those corporate offices and cubicles day in and day out, and whose job it is that results in those ripoffs, corruption, and oil spills. Maybe it's easier for us if we refuse to see them for who they are, and instead maintain in our mind a cartoonish caricature of a villain, with the shifty eyes, and the evil sneer, and the menacing five o'clock shadow. But, I ask you to take a breath and think of Penny Pritzker. She was the head of a hotel chain that committed serial violations of labor law, and repeatedly, over years, systematically cheated tens of thousands of employees out of wages and benefits. And before that she directed the affairs of a bank that was among the most blatant in committing financial fraud and abuse. Is Penny Pritzker a criminal? Probably not under today's laws in the USA. We have pretty well decriminalized criminal behavior committed under a corporate guise. And now we have a new doctrine, that if there is the possibility that your enterprise is so huge and so important that its failure just might endanger the "stability" or the "integrity" of the financial system, then you will simply not be held to account. But is this the type of person you really want as your Secretary of Commerce? Is this the type of person you really want as a top adviser to the President of the United States? Perhaps it's a good thing to let criminal families become legitimate. They hopefully are no longer committing crimes. I can assure you, this is going to be an issue many of you are going to have to grapple with in your own community. Just who do you think has had the money to buy real estate in inner cities and even suburbs the past five years of "green shoots" "recovery"? Why, it's been your friendly neighborhood drug dealers and money launderers! Does it make a difference who are the leaders in a community? Maybe you don't think so, but it sure makes for popular movies: Frank Capra's 1946 classic, *It's a Wonderful Life*, in which James Stewart as bank officer George Bailey is dissuaded from suicide by an angel who shows him how debauched and evil the town becomes without his influence. Or, Robert Zemeckis' 1989 *Back to the Future Part II*, in which Marty and the Professor have to go back in time to stop Biff from becoming rich and totally corrupting Hill Valley. Are these just modernized fairy tales we entertain ourselves with? Or are they reflections of deeper currents of political history and social consciousness we now ignore at our peril? Should we not be concerned about the character of our leaders at the national level as well? To the promotion of interested Pursuits, and the gratification of voluptuous wishes, a ready sacrifice is made of the general good at the shrine of power. Then slumbers that virtuous jealousy of public men and public measures, which was wont to scrutinize not only actions but motives; then nods that active zeal, which, with eagle eye watched, and with nervous arm defended the constitution. Every day new inroads are made upon public liberty, while encroachments, like temptations, grow more frequent and more dangerous in proportion as the power of resistance decreases. Thus, before a nation is completely deprived of freedom, she must be fitted for slavery by her vices. -- Oration Delivered at Boston, March 5, 1779, by William Tudor, Esq., in *On, Principles and Acts of the Revolution in America*, by Hezekiah Niles, 1822. While I am more than willing to criticize Obama about these atrocious choices for economic advisers and officials he continually makes, I would prefer people focus on the problem of the pecuniary culture of our country, rather than being distracted in a useless debate over whether or not Obama is a corporate shill or a Reaganite in

disguise, or whatever. Look at it this way: what really are the political chances that someone like Bill Black or Michael Hudson will be nominated and approved for high level economic policy positions? Or, another way, why do the greediest and most selfish people, with no conception at all of the general welfare, so completely dominate economic policy making in the USA? Why, in a word, does the political culture spawned by the neo-liberal idea that market forces should dictate the destinies of nations rather than the people acting through the agency of their government, leave us with such horrible, pernicious elites? We may comfort ourselves by thinking our elites are merely incompetent, or even greedy and corrupt, but I have reached the conclusion that such analyses is dangerous as it does not strike at the criminal essence of our elites. The older I get, the more bruises I suffer toiling to accumulate wisdom, the more I come to appreciate what an excellent book the Bible is. Penny Pritzker, oppressor of labor, smasher of unions, exploiter of the poor, consort of criminals. "By their fruits ye shall know them," the Bible counsels. Tell me, please, exactly what policies do you expect a person like Penny Pritzker to champion? Will they be policies that help working men and women? Please, tell me. No, wait, I don't need to be told. Tell yourself.