

MadCow Morning News

investigative reporting into drug trafficking, 9/11, and state-sponsored crime

Narco-Banker: The Allen Stanford Story

Posted on April 13, 2012 by Daniel Hopsicker

Tweet 3 Like 13 0

With his recent conviction on 13 counts of money laundering ensuring that a man who once lived in a \$57 million mansion with a moat will be doing his entertaining behind bars for a very long time the Allen Stanford scandal would seem to be all but over.

But Allen Stanford's Ponzi scandal is ending before the most important question about the scandal has even been asked...



How did a gym owner filing bankruptcy in Texas happen to wake up a year later owning an offshore bank?

In 1982, Allen Stanford was the bankrupt owner of a bankrupt chain of athletic clubs in Waco Texas. In his personal bankruptcy filing he listed \$13.6 million in debt against less than \$200,000 in assets.

Paul Holt, a businessman in Waco Texas, watched as Stanford's sketchy business career was getting underway. "I knew about Stanford's failed health club in Waco, Texas, because that's where I live, and I was there when it happened," Holt told Vanity Fair in 2010.

"Then one day I go online and out of the corner of my eye I see this headline: "Allen Stanford, Caribbean Banking King, in \$8 billion Scandal.""

"And I'm going, whoa! How does somebody go from bankrupting a Total Fitness Center to becoming a knight in the Caribbean?"

Whoa, indeed.

State-Sponsored Crime: Effective, Simple, Safe

Allen Stanford's startling transition from bankrupt Texas grifter to star money launderer is a vivid snapshot which authorities don't want anyone examining too closely... a Polaroid capturing the collapse of the rule of law in the United States of America during the Iran Contra-inspired cocaine epidemic of the 1980's.



According to news accounts, the government's tepid response to Allen Stanford's continuing criminal enterprise began in the late 1990's.

Not so. Stanford was fingered as a criminal as far back as **1989**, when George Bush the Elder was in the White House, "Back to the Future II" was in theaters, and tanks were rolling through Tienanmen Square.

So the real villains in the scandal of Allen Stanford and his \$8 billion Ponzi scheme are the people who prevented his prosecution for **two full decades**. And many of **them** have yet to be publicly named, let alone punished.

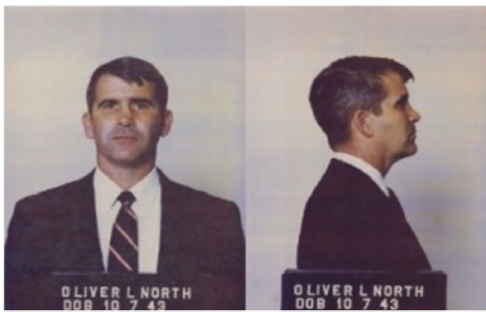
The Stanford scandal produced the usual tepid admissions of wrongdoing by government Agencies charged with guarding America from crooks and grifters. Many saw criminal negligence in the government's inaction.



The SEC knew all about Stanford's criminal fraud back in 1996, for example, a full decade before taking even baby steps to end it.

This disclosure prompted some public handwringing, but not much else. And the results of the official investigations into Stanford's big score were less than inconclusive...

In a civil proceeding, one former SEC administrator paid a \$50,000 fine for crimes that would send an ordinary citizen to jail for a decade.



And the longtime head of the DEA in Miami a Stanford -security“ officials caught red-handed after Stanford's indictment in an orgy of file-shredding that would have done Oliver North and Fawn Hall proud was acquitted in an extraordinary extrajudicial move by a Federal judge who snatched the case from the hands of a jury deliberating a verdict.

In such cases, one wonders: why bother with the expense of a trial? Tea Party advocates should have been outraged. But perhaps they were all

on vacation.

Get out of jail passes all around!

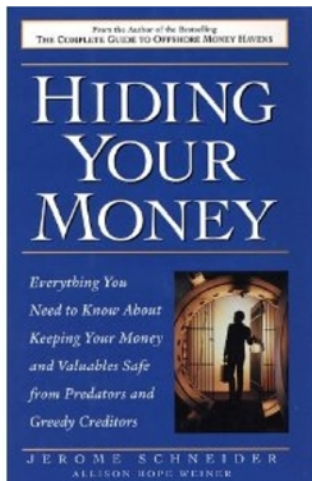
A little history lesson offers some big clues.

The Caribbean island of Montserrat was "discovered" by Christopher Columbus in 1493. A volcanic eruption in 2003 rendered the island all but uninhabitable.

Somewhere in between those two dates came Allen Stanford, who opened a bank on the island in 1985. It was his first.



Stanford's bank was chartered by a fraudster from Beverly Hills named Jerome Schneider, author of an early entry in the booming field of helping the parasitic rich avoid paying taxes. It was called "Hiding Your Money."



Schneider also hosted "offshore wealth summits" in places like Cancun, attended by congressmen and other public figures, according to the Los Angeles Times.

Schneider set up about 800 offshore banks in 15 years, and was a thorn in the side of federal banking authorities and the Internal Revenue Service for years," according to the LA Times.

But if he was a thorn in their side, you couldn't tell. They never did anything about him. Nothing.

To anyone who has felt the full force of the government come down over unpaid parking tickets or a minor moving violation, this must seem strange.

What such people need to understand is that selective prosecution is not the exception in the U.S. It's the rule.

Chase, Morgan, Stanford, DuPont

Frequently, the names of Schneider-chartered banks were similar to those of well-known domestic banks, with words like "Chase" or "Morgan" in their titles.

Schneider must have seen Stanford, already an inveterate liar, as manna from the gods. Soon he was boasting of his family ties with the founder of Stanford University in Palo Alto, Leland Stanford, a tie the University has taken pains to refute.

Schneider's most famous client before Stanford was a fraudster from La Jolla, a city which, given its small size turns out fraudsters with astonishing regularity, was a man named J David Dominelli.

Dominelli's claim to fame, oddly enough, is that before Allen Stanford, Bernie Madoff and Art Nadel came along, he was America's biggest Ponzi All-Star. When he went down, so did a number of Republican politicians in San Diego like Roger Hedgecock, the city's long-time mayor.



When the scandal grew too big to ignore, the island of Montserrat shut down most of the phony banks. One oft-cited closure featured the prestigious-sounding Zurich Overseas Bank, which operated out of a tavern in the island's capital, Plymouth.

–Almost every bank in Montserrat was operated illegally,” says David Marchant, editor of OffshoreAlert, a newsletter covering offshore banking.

–The fact that Stanford had a banking license in Montserrat is all you needed to know about his credibility. It wasn't like most of the banks were good and you had a few bad eggs. The only reason you opened a bank in Montserrat was to commit fraud.“

Allen Stanford, lucky fellow, emerged unscathed, if not unnoticed. He moved his bank to Antigua, then a British Crown Colony.

They didn't call them the go-go 80's for nothing



So, just what was going on in 1985 that made starting an American-owned no-questions-asked bank in the Caribbean such a sure thing?

The answer is obvious to everyone... except American authorities, who never asked the question... save for a few brave souls, quickly hounded out of the government or moved to jobs watering plants in the office.

But someone from Scotland Yard was apparently paying attention, detective Paul Marston, who in 1989 targeted Stanford's bank, which

had already grown into one of the Caribbean's largest.

Where were all Stanford's deposits coming from? Marston didn't have to wonder long to find the answer. Colombian drug money was flooding into banks across the region, and there were persistent rumors that this was the source of Stanford's growth.

Marston called in an expert from the U.S. Government's Office of the Comptroller of the Currency. "The O.C.C. guy went down there, stood across from the Stanford office for maybe several hours, came back and said, "Yep, that's a money-laundering operation," recalled an agent involved in the operation.

"So Marston goes, "How can you tell from just standing across the street?" And the guy goes, "I'm telling you, it is."

"Then, a little later, we got fairly detailed intelligence that they were indeed laundering for major Colombian drug traffickers."



"We own it. You can *always* count on Florida"

Montserrat authorities finally revoked Stanford's license, in May 1991.

This cut no ice with banking officials in Florida, however. Despite objections from the state's chief banking counsel, Florida regulators allowed Stanford to open a Miami office and transfer significant amounts of money outside the US... ***with no government oversight.***

This is one of countless pieces of damning evidence, clues, absolute indications, sure signs, telltale tip-offs, unmistakable signs, and, yes, smoking guns illustrating Allen Stanford's favored position as an officially-sanctioned drug money launderer.

As, in other words, an American Drug Lord.

Anyone wanting to know why the US Government is roundly despised in so many places around the world need look no further:

Christopher Sandrolini, chargé d'affaires at the US Embassy in Barbados, recently lectured a meeting of Caribbean heads of state in Barbados on how they could become crime-busters just like us! if only they tried hard enough.

"The Stanford case should serve as a warning to small societies in the Caribbean," he said. "Given the region's vulnerability to criminals, Caribbean nations cannot afford to relax their vigilance and laws."

Hear hear.

NEXT: ALAN STANFORD & THE JUAREZ CARTEL



About Daniel Hopsicker

Daniel Hopsicker is a dissident journalist investigating the U.S. Government's assertion that there are no American Drug Lords.

[View all posts by Daniel Hopsicker →](#)

This entry was posted in [News](#) and tagged [Allen Stanford](#), [American drug lord](#), [Caribbean](#), [drug lord](#), [drug money](#), [grifter](#), [money laundering](#), [narco-banker](#), [offshore baks](#), [Ponzi](#), [scandal](#), [SEC](#), [state-sponsored crime](#). Bookmark the [permalink](#).

MadCow Morning News

Proudly powered by WordPress.