

basis of calculation (The figure of \$178 trillion is calculated by the mathematical formula for interest rate compounding which states that investment doubles every seven years, compounded at an annual return rate of 10%. Another calculation, based on the NYU Stern School of Business chart on annual returns on stocks, Treasury bonds and Treasury notes from 1928 to the present, projects that a stock investment worth \$225 in 1945 would be worth \$289,995 in 2014, which means that a \$44 billion investment in 1945 would be worth approximately \$56 trillion in 2014). Some sources put the original estimate of Japanese war gold as high as \$100 billion.⁵ To give an idea of what these figures mean, total U.S. military spending at the height of World War II between 1943 and 1944 has been estimated at 41 percent of US GNP which stood at approximately \$132 billion, or approximately \$54.12 billion. \$44 billion would be a little more than 80% of that figure, so in ordering the sequestration of this treasure Roosevelt's advisors put away the lion's share of the budget for a future global war.⁶ While official Washington figures for recovered Nazi war gold eventually added to the pot come in at "only" 550 tons, senior CIA sources put it closer to 11,200 tons, over twice that amount.⁷ None of these figures, however, are hard ones, due to both market fluctuation and the largely unknown level of withdrawals from the fund used for waging covert wars over the last 70 years.

It is highly probable that knowledge of the sheer magnitude of this stash of hot money provided the accelerant for the rapid escalation of the Cold War. In 1947, real military spending hit its postwar low at \$10 billion, or 4.3 percent of GDP (interestingly, in terms of some of the major players in this narrative, about \$45 billion in 1982 terms). In the eyes of at least certain officials like the ardently anti-communist Frank Wisner, who was then at the State Department, relations with the Soviet Union were already deteriorating. Main Street had other priorities. The Republicans had gained control of Congress in November 1946 by promising a return to normalcy, not an assumption of Britain's imperial role. As professor of political economy Robert Higgs notes, "To convince the public, and thereby Congress, of the need for additional spending, administration officials needed a crisis." Gen. Lucius D. Clay, US military high commissioner in Berlin, who collaborated with Wisner and with Senator Herbert Lehman in creating the Crusade for Freedom that features prominently in the Texas politics of this narrative, was happy to create one. In 1948, when communists took over the Czech government, Clay scared Truman into approving more than \$3 billion in supplementary defense appropriations by advising that war between the United States and the Soviets could begin "with dramatic suddenness."⁸

However, even \$3 billion seemed paltry in comparison to the \$44 billion that floated, completely unaccountable for “security reasons,” offshore.

Henry Stimson’s logic was that, because it would be difficult if not impossible to sort out the rightful owners of all the loot, better to keep its recovery under wraps and set up a secret trust, the Black Eagle, to help “friendly” (i.e., anti-communist) governments get into, and stay in, power after the war. The hard figures support what appears to be the wildest of conspiracy theories: According to the sources of the two authorities on the subject, former *Time* staffers Peggy and Sterling Seagrave, the Black Eagle Trust could only be set up with the cooperation of the most powerful industrial, political, and banking families in Europe and America, including the Rockefellers, the Rothschilds, and the Harrimans.⁹ To anyone with a modicum of financial sophistication, let alone the most ingenious of the robber barons, such a virtually bottomless pool of unaccountable, tax-free funds would represent a very powerful temptation, powerful enough to render personal ideology irrelevant. Between 1945 and 1947, much of Yamashita’s “sleeping bullion” was spirited out of the Philippines and into the vaults of some of the world’s biggest banks, where it became an asset base for patronage. It was a brilliant way to conduct business as well as politics.¹⁰

Lovett and McCloy, whom Stimson admiringly nicknamed his “Heavenly Twins,” had particularly close relationships with Averell Harriman. Building on a dynasty founded by Lovett’s father, railway magnate E. H. Harriman’s right-hand man, Robert Lovett worked with Averell Harriman at the family Wall Street firm, Brown Brothers Harriman, where Lovett specialized in international currency and lending operations. His skills would be in particular demand immediately after World War II, when volatile currencies created serious problems in international trade, and early forms of derivatives were brought into widespread use to facilitate delivery of goods. McCloy, a poor boy who climbed the ladder via Harvard Law School, engineered a \$77 million bond deal for the famously dictatorial E. H. Harriman, who dominated America’s innermost banking circles. After the war, McCloy became German high commissioner, from which eminence he, along with Frank Wisner (future head of the CIA’s dirty-tricks division, the Office of Policy Coordination) and Allen Dulles, controlled the records pertinent to the investment banking firm of Brown Brothers Harriman, where Prescott Bush had maintained his Nazi clientele. Nelson Rockefeller subsequently invited McCloy to become a partner in the Rockefeller family law firm that became Milbank, Hadley, Tweed & McCloy,

and where his most important client was the Rockefeller family bank, Chase Manhattan. Lovett became chairman of the eponymous 1945 committee advising the US government on the postwar reorganization of American intelligence activities which led to the creation of the CIA. Upon being called back to government to serve as undersecretary of state, Lovett was instrumental in the establishment of NATO, the Western military enforcement arm of the Cold War in Europe. Edwin S. Pauley, a major right-wing oil player with a long intelligence relationship whom Truman appointed to head the commissions on German and Japanese reparations—which ignored sloppy record-keeping about recovered gold and brushed aside questions of hidden Japanese assets—was closely linked to the Texas oil interests of Robert B. Anderson’s father, Robert O. Anderson. Recent scholarship suggests that Pauley’s appointment was the fruit of efforts to protect oil investments in Europe and the Far East on the part of industry magnates such as Clint Murchison and H. L. Hunt. Pauley, Roosevelt’s Petroleum Coordinator for Lend-Lease supplies for the Soviet Union and United Kingdom, also worked closely with George H. W. Bush and Zapata Oil.

Another source of expert guidance was Prescott Bush, George H. W. Bush’s father, who also appears as a tangent to the axis of The Enterprise in Lombardi’s Iran-Contra drawing. Bush’s covert work in setting up front banks and hiding large financial transactions for Hitler’s wealthy industrialist supporters through Brown Brothers Harriman gave him exactly the expertise needed by the CIA to conceal its operations from the Soviets despite his recent history of friction with the executive branch.¹¹

Bush had a history of servicing America’s enemies for commercial rather than ideological reasons. In 1926, he became the American banker for Fritz Thyssen, Hitler’s largest single industrial supporter in Germany, through an elaborate money-laundering operation funneled through the supposedly American-controlled United Banking Corporation (actually a front for a number of German nationals) under the auspices of Bush’s father-in-law Bert Walker, President of Harriman Brothers. Walker brought Bush into the investment bank in 1926 and put him in charge of UBC. Bush oversaw UBC’s German operations from 1926 to 1942, which included managing Thyssen’s American portfolio at a time when Thyssen was contributing over one and a half million dollars to the Nazi Party. In 1942 when, ironically, Bush was named national campaign chairman of the United Service Organization (USO) and raised more than \$33 million to provide entertainment for US troops fighting the Nazis, President

Roosevelt authorized an investigation into UBC under the Trading with the Enemy Act. The Alien Property Custodian issued a devastating report and confiscated all of UBC's stock.

Bush turned his considerable energies toward advising the elite Directorate of Plans, the most subversive division in the new CIA. The Directorate of Plans was to become the Directorate of Operations, and Ted Shackley's bailiwick.¹²

At Brown Brothers Harriman, Bush also worked with Allen Dulles, who was to head the CIA and, immediately after WWII, ran his own anti-communist private intelligence service out of his Wall Street office, using bankers and businessmen from Prescott Bush's network who worked with the Nazis before the war.¹³ Prescott Bush's father-in-law, George "Bert" Walker, who founded the St. Louis investment firm G. H. Walker & Co. in 1900, served as president of what became Brown Brothers Harriman in 1920. In the late 1940s, Brown Brothers became a cover for CIA operations that found previous Nazi connections an asset in the fight against communism.¹⁴

In addition to his banking career, Bush, a board member and investor in Pan American World Airways, arranged for the CIA to use overseas Pan Am offices as cover and was involved in setting up maverick Air Force Gen. Claire Chennault's Flying Tiger Airlines and Civil Air Transport, a CIA proprietary that became known for ferrying drugs from the Golden Triangle to finance anti-communist insurgencies for Chiang Kai-shek. Bush also used his influence to help his friend William Pawley, a former Pan Am executive who undertook secret operations for the OSS in China, promote the interests of the pro-republican Chiang Kai-shek "China lobby."

G. H. Walker & Co. would eventually become part of the toxic investment conglomerate Merrill Lynch, which, as we shall see, had a history of CIA money-laundering leading back to Rome in the 1950s. The leading underwriter of the (subprime) mortgage-based collateralized debt obligations that brought down global financial markets in 2008, Merrill Lynch was acquired by Bank of America in 2009 after being sued for fraud by the SEC. Six of its executives were also convicted in 2004 for helping Enron execute its massive accounting fraud. Merrill Lynch & Co. ceased to exist as such soon after. It finally merged into the Bank of America Corporation in 2013, although the bank's wealth management division still carries its name.

LOMBARDI APPEARS TO have worked his way backward to the genesis of his life's work at the end of his career and indeed of his life. It is possible, though not