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METAL MEN

**Marc Rich and the
10-Billion-Dollar Scam**

A. CRAIG COPETAS

This is the story of the most incredible scam in twentieth-century business history – how the international metal trader Marc Rich made over ten billion dollars and became the most wanted white-collar criminal in America. A. Craig Copetas posed for a year as a trader in the commodities market, and not only infiltrated Marc Rich's inner circle but succeeded in penetrating the mystery surrounding the man who became the undisputed king of the metal men. The result of his investigation is this extraordinary story of high finance and high drama – a tale of money gone berserk.

***Metal Men* is a compelling account of international intrigue and power, of men who are welcome in both the Oval Office and the Kremlin. To watch the metal men trade is to view a particular business phenomenon: men who by virtue of their wits are able to operate as powerful and uncontested freelance salesmen of the Earth's resources. It is both a capitalist success story of astronomical proportions and a cloak-and-dagger tale of adventure and murder. It sweeps from the New York and London commodity markets to the mines of South Africa, from locked Swiss vaults to the exotic metal fair in Canton, China.**

Rich rose through the ranks at Philipp Brothers, the world's largest commodities house, to amass his fortune (which until 1984 included 50 per cent of 20th Century-Fox). His confrontation with the law is a classic study of stone-walling, which Copetas covers in a detailed account of the 1983 trial *in absentia* that took place in New York. The companies controlled by Marc Rich pleaded guilty to thirty-eight counts of tax evasion – to the tune of ninety million dollars. Now a fugitive living in Switzerland, Rich faces a potential gaol term of over three hundred years if he ever returns to the United States.

***Metal Men* is a shocking exposé of financial manipulation and abuse of power in international business.**

**£8.95
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YAYASAN
KEPIMPINAN
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MARC RICH AND THE
10-BILLION-DOLLAR SCAM

A. CRAIG COPETAS

HARRAP · LONDON

PUSTAKA PERDANA



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First published in Great Britain 1986
by HARRAP LIMITED
19-23 Ludgate Hill, London EC4M 7PD

First published by G. P. Putnam's Sons, 1985

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ISBN 0 245-54406-2

Printed and bound in Great Britain
by Billings Ltd, Worcester

FOR
B.D.
DON ERICKSON
&
MARGARET SAGAN



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CONTENTS

PROLOGUE	9
PART I: MINERAL RITES	15
PART II: RAGS TO RICHES	41
PART III: STRATEGIC DEALS AND DANGEROUS CURVES	101
PART IV: THERE WAS A CROOKED MAN	183
EPILOGUE	219

PROLOGUE

White knights shine too brightly on the battlefield. They get knocked off too easily.

LEE MARVIN

IT WOULD HAVE BEEN impossible to write from the outside about fugitive American trader Marc Rich and the men who absolutely control the market for the Earth's natural resources. Beyond the unique experience of living and working among metal traders, the secretive nature of their lives necessitated my physically becoming a trader. I went inside and spent a year observing their profession as a working trader with international bankers, ship owners, oil dealers, commodity traders, exchange brokers and mining executives.

I bargained for tungsten and cadmium in China; negotiated the establishment of shadowy offshore companies in Switzerland, the Cayman Islands, Panama and the Netherlands Antilles. When the war between Iran and Iraq reached fever pitch in 1984, I assisted in brokering oil cargoes on the Red Sea and fielded daily reports from the Kharg Island petroleum terminals off the Iranian coast. On occasion I found myself being directed to trade Midwestern corn for African cobalt or haggling for the rights to a British fish farm in return for a piece of action on a \$1 million deal for a metal called ferro vanadium. Anything . . . any deal was possible.

The pace of a trader is nonstop. As a junior trader at one of the London trading houses where I worked, I had to arise daily at 5 A.M. to review the overnight telex traffic from Hong Kong and Singapore to see whether or not there was any Far Eastern market action to be taken advantage of before dawn rose on the Western world. To ensure that I got out of bed on time, a telex machine was installed next to my bedroom and the incoming bell was turned up to its highest volume.

On a trip to the Dutch port of Rotterdam, I was ferried by skiff through twelve miles of choppy North Sea swells to a cargo ship hauling iron ore that apparently belonged to Marc Rich. Once in port I helped off-load the loose ore buried in the ship's hold. Days were spent exploring and working in Rotterdam's vast complex of metal warehouses and oil terminals. At one point I was flown by helicopter to meet with sources on an oil tanker speeding into port, lowered onto the moving supertanker through English Channel crosswinds by harness.

In the Soviet Union Western traders allowed me to accompany them into Russian corporate suites to observe firsthand how politically sensitive deals were structured. A few hours before I was to step onto a plane to China with a London metal trader who had made me his apprentice, another multimillion-dollar deal transpired in Chicago, forcing him to fly west, as I sped east with directives to negotiate for millions of dollars' worth of Chinese metal. "Just do everything I told you," the trader advised as he put me in a car to London's Gatwick Airport. "A solo experience will make you understand the edge we live on."

Another key reason why I became a trader was that Marc Rich refused all requests to be interviewed, making it critical to enter his world so that I might get as close to the man as possible.

Marc Rich is known as a metal trader, but he deals, like all metal traders, in whatever products come out of the Earth—metal, oil, gas, grain. To watch the metal men trade is to

view a particular business phenomenon: men, who by virtue of their wits, are able to operate as powerful and uncontested freelance salesmen of the Earth's resources. Originally, metal men dealt solely in metal. But as times changed, so did the metal men, and their markets grew to include anything buried or sown in the Earth. Although a metal man might make more money from a particular oil or grain deal, he is still known as a metal man because trading metal is the foundation of his business. No matter the material traded, the conundrum is how to make money out of whatever the Earth has to offer.

Marc Rich is their greatest money-maker. Right now he is in self-proclaimed exile in Switzerland, remaining there to avoid federal warrants for his arrest in the largest criminal scheme to evade taxes in American history. Under the open protection of the Swiss government, his various companies are still trading over \$12 billion worth of metal, oil and other commodities in America and around the world.

I first collided with Marc Rich in the summer of 1982 in his penthouse office in Manhattan's Piaget Building. The occasion was entirely coincidental: I had friends in the trading business, and we had arranged to meet some people who worked at Marc Rich International, Rich's American company. Marc Rich entered the office lobby as we were about to board an elevator. "That's Marc Rich," said one of the traders. "They say he's worth \$10 billion."

The meeting would have remained forgettable, except that one year later Marc Rich was slapped with a fifty-one-count federal indictment on a host of criminal conspiracy charges, transforming the \$10 billion man I had seen in a lobby into the most wanted white-collar criminal in America. I began asking questions and before too long discovered that the personal and corporate character of Marc Rich provided a unique opportunity to observe what happens when money—real money—goes berserk.

I became a metal trader on December 1, 1983. My friends and acquaintances in the trading profession provided the nec-

essary introductions and, on occasion, cover stories to explain my presence within the metal world. Over 200 people with knowledge of Marc Rich, his far-flung financial interests and personal habits were interviewed. No one was quoted on Marc Rich without prior knowledge. Many of these men would not cooperate unless their anonymity was guaranteed. One of the reasons for their request was that Marc Rich still owed them money; others were frightened of what Rich might do to anyone who appeared disloyal to his empire in the wake of a massive federal investigation into his personal activities and business practices. Rich was obviously an incredibly powerful man.

I never spoke with Marc Rich, but I did collide with him again at high noon, March 12, 1984, in the tiny Swiss canton of Zug. He was on the lam.

I had followed the instructions of an inside source and waited in the lobby of his international corporate headquarters high rise. He slid anonymously out of one of the elevators and down a snow-dusted street past a vacant lot into a Swiss pizza joint dolled up to resemble a classy Italian restaurant. I stalked him to the restaurant and waited until he had entered. He was greeted immediately by the owner and ushered quickly to a table in the back corner. But before Rich settled into the wooden chair to lunch with his business partner, Pinky Green, his dark eyes coolly scanned the dining area, like Butch Cassidy searching for the Pinkerton Boys. Finally satisfied he would be alone with Green, he sat down, his back against the wall and with a clear view of the comings and goings of the lunchtime crowd.

I took a table nearby and watched. Rich was quite tall, with spidery legs, sinewy fingers, a St. Moritz tan and absolutely no trace of a smile. On sight it was strikingly clear that what I had been told about Marc Rich was true. His physical presence was commanding, and it was easy to understand why he was a force majeure in the multibillion-dollar commodity business. Many traders actually trembled when his name was men-

tioned; all of them assured me that Rich was a man who would gamble his life if the financial reward were high enough. Sitting there in a jet black suit at a safe remove from the federal posse in New York City trying to extradite him back to the United States, he certainly dressed the part of an executive outlaw.

Soon after his arrival, a waiter sped up with a steaming plate of pasta and a glass of ruby red wine, whereupon Rich began to roll his hands together like a child about to dive into his favorite food. After a few zestily devoured forkfuls, he stood up and started towards the bathroom. It seemed like the only shot I would have at meeting Rich *mano a mano* and without having to deal with Green and the other guys who hovered constantly around him like worker bees attending their queen. The dining area was reasonably empty, so when he walked by me I stood up and said calmly, "Mr. Rich . . .," but I never finished. He looked at me, frightened, his chill brown eyes flashing the agony of ripped flesh. Hunching over, he bounded quickly through the kitchen and then backtracked slightly to reach the bathroom. Marc Rich, the man whom the United States Justice Department privately called the most corrupt corporate executive in America, never returned to finish his lunch. He was gone. Marc Rich, king of the commodity cowboys, had heaved himself through the washroom window of a Zug pizzeria to avoid comment, leaving his blue cashmere overcoat, a Florentine leather briefcase and an unfinished lunch of capellini d'angelo and filetto al pomodoro on the table with Pinky Green. What you will read is the story of the man who escaped through that bathroom window and of the world he leapt into.

