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Evidence of money laundering at the collapsed Surfside, Florida condo complex

Kevin Reed
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Evidence has emerged that money laundering was involved during the initial construction and sale of condo units at Champlain Tower South, the Surfside, Florida building that catastrophically collapsed on June 24 and killed 98 people.

An extensive investigative report by *USA Today* published on Thursday—based on thousands of pages of real estate documents and inspection records and dozens of interviews—has brought to light the presence of “tell-tale signs of a money laundering scheme” when construction was begun on the condo complex in 1980.

The report says that such schemes are often accompanied by “cutting corners on construction,” and, “even before developers sold off the 136 condominiums to their first owners, the construction had been botched and the building had been set on a course to rot from the foundation up.”

In addition to faulty construction of the first high-rise condo in the small town of Surfside, the laundering of drug money—rampant in the Miami area during the boom in beachfront high-rise construction when there were no laws against the practice for hiding illicit funds—was often used to bribe government building officials.

The report says, “Money laundering also might have meant that some early buyers weren’t living in the condo building or concerned with its long-term maintenance.” This fact is significant because the *USA Today* investigation has revealed that evidence of the building’s decay had emerged earlier and “was ignored longer than previously known. Residents noted flooding in the garage in 1981, the year the tower opened.”

The Champlain Tower South high-rise condominium building suffered a partial progressive collapse that lasted just 12 seconds at 1:25 a.m. on June 24, when the northeast section fell down and destroyed half the units in the complex. After an initial rescue operation failed to locate any survivors, a recovery effort was mounted to search through the rubble for the remains of all those who perished in the catastrophe. The final victim was identified on July 26.

USA Today interviewed Jorge Valdes, who The was “a chief money launderer for the Medellin Cartel” and “helped build dozens of homes, apartment complexes, and high rises in the Miami region” but “was not involved in Champlain South.”

Valdes said, “The era we’re talking about is when Miami suddenly came out of the ashes. So, how do you rush to fulfill the demand? You cut corners. You attached roofs with paper clips. You bribe the inspectors.”

Valdes went on, “You wanted to put up real estate as quickly as possible because the money was flowing. We could buy any building inspector at any given moment. There were no stringent codes. There were no money laundering laws.”

The *USA Today* report says that the Surfside beachfront property was acquired by Nathan Reiber and his partners Nathan and Isadore Goldlist, all of whom were from Canada, and construction began in 1979 as the first of three planned towers. Reiber, in particular, had a history of financial and legal troubles.

The reports states, “Reiber faced tax trouble in Canada. His lawyer, Stanley Levine, had been indicted for attempting to bribe a local official in Florida on an earlier project; and one building contractor hired to work on the Champlain South project later was forced to surrender his license after numerous infractions. The architect’s license had been suspended in Florida after sign structures he designed collapsed during Hurricane Betsy in 1965.”

None of this slowed down the development of the project as the drug money flowed in. The report says, “Thousands of pages of deed and mortgage documents reveal that within 24 months of opening, at least 62 sales exceeding $9.5 million showed classic signs of money laundering.”

Purchasing real estate with drug money was an effective means of hiding its source by running it through anonymous corporations and making regular mortgage payments. “That’s why concealed buyer identities, all-cash sales, hidden sources of private loan money, overpaying for condos and rapid repayment of loans are all considered red flags for money laundering," the report says.

At Champlain South and North Towers, "Buyers purchased units through shell companies located in countries such as Panama and the Netherlands Antilles, both notorious for laundering drug money through anonymous corporations. One buyer was headquartered at the same address as more than 200 other offshore companies, according to the Panama Papers. Multiple sales involved all-cash sales and overpayments."

Another individual who laundered money for the Colombian cocaine cartel, Ken Rijock, told the *USA Today*, "Shell companies, cash deals, fast sales, strange buyers, tax haven companies as owners, hidden beneficial ownership, all the bells and whistles of suspicious transactions that compliance officers today would recognize in a New York minute" were not investigated by federal authorities because they were not made illegal until the passage of the Money Laundering Control Act of 1986.

Records examined in the investigation show that Reiber's attorney Levine loaned millions of dollars from a fund he controlled to people purchasing the Champlain Tower condos. "Levine used a trust account with an unidentified source of money to shell out more than $3 million in high-interest loans to early buyers at Champlain South in its first two years and at least $1.4 million to Champlain North, a red flag for money laundering schemes."

Aside from the six figure loans—which were offered at rates far higher than 16 percent bank rates at the time—with 12-month pay backs, the Champlain Tower South condos brought above-market prices for units with fewer amenities than high-end condos selling in upscale Miami Beach. "There, the asking price for a penthouse was $121,000; $137,000 for a luxury two-bedroom. At Champlain, a penthouse in 1981 sold for $216,800. Despite the inflated price tags, early buyers flocked in from Brooklyn, Denver, New Jersey and Canada, where Reiber and Goldlist had business and personal ties."

In one specific case, the buyer of a fifth floor two-bedroom condo in 1982 was the mistress of Jose Santacruz Londono, the lead money laundering overseer of the Cali, Colombia cocaine cartel. According to the *USA Today*, "Working from a network of Panamanian banks and corporate shell companies" Londono's financial advisers "moved money from street drug sales in the US to Panamanian banks, and from there, to European and Colombian accounts and corporations."

The *USA Today* also interviewed drug smuggler Pedro "Peggy" Rosello from his prison cell in Miami. Rosello explained that the Surfside location was perfect for drug kingpins to host parties and reside "under-the-radar" away from Miami Beach where all of the attention was focused on the drug wars of the 1980s. Rosello was planning on purchasing the fifth-floor condo unit he had been renting under an alias before he was indicted "for his role in Miami's biggest cocaine ring."

Laundering experts stressed that the presence of drug money meant that the developers were also cutting corners in the design and construction of the buildings "and anywhere else they could boost profits."

Charles Intriago, a former prosecutor and an expert on money laundering in Miami told the *USA Today*, "If the main players of a building are engaged in corrupt activities, they are more than likely to be involved in corruption in every single phase of it. That includes from the time the person buys it, to the construction, to the completion and the sales of it. There's going to be a temptation to cut corners, and Miami was—and is—fertile ground for this. That Surfside tower is no exception."

Intriago's reference to the present is significant. While the *USA Today* report provides ample evidence of the thoroughly corrupt and criminal operations that comprise the 40-year socioeconomic background to the collapse of the Surfside condo on June 24, this is no aberration or unique set of circumstances within American capitalism.

The death of 98 people in Surfside is the responsibility of the entire layer of corporate and financial elites who have, with the full cooperation of US government regulatory bodies, accumulated trillions of dollars in wealth over the four decades that began with the installation of the Reagan administration in 1980.

It should be pointed out that just as the real estate parasites were laundering drug money in Miami-Dade County real estate deals, the CIA and the Reagan White House were using drug money from Colombian-based crack cocaine sold on the streets of Los Angeles to finance an illegal and secret war against the government of Nicaragua.

If anything, the criminal and deadly impacts of the relentless drive of the billionaire elite to enrich themselves—revealed most starkly in their "herd immunity" response to the coronavirus pandemic that has now killed nearly three quarters of a million people in the US—have reached even more grotesque forms today than what was just getting started in the 1980s.