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Last Updated: Thursday, 18 September, 2003, 12:07 GMT 13:07 UK

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'Urban myth' exposed by trial

By Chris Summers
BBC News Online

The jury in the fraud trial of Michael Slamaj and Graham Halksworth were unconvinced by a conspiracy theory involving enormous amounts of Chinese gold and American money.

Halksworth and Slamaj were found guilty of conspiracy to defraud at Snaresbrook Crown Court on Thursday.

Slamaj was also convicted of possessing fake bonds.

During the 10-week trial the jury heard the defendants try to justify their crimes saying why an "urban myth" might be plausible.

In the 1940s the Chinese nationalist leader Chiang Kai-Shek, facing a twin threat from the invading Japanese and Mao Zedong's Communist rebels, sent thousands of tonnes of gold to the US for safekeeping, the court was told.

Halksworth and Slamaj said they had

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been told the Chinese gold was used to "create" Fort Knox, boosting the Depression-hit US economy.

Plane crashed

The gold was supposedly exchanged for the 1934 Federal Reserve bonds but in 1948 a US B29 plane carrying bonds crashed shortly after taking off from the Clark air base in the Philippines.



Slamaj told the court he was taken to the crash site on Mindanao island and shown the tail - all that remained of the doomed plane.

“ I know what governments do. I know that governments do things that we do not know about ”

Michael Slamaj

Born in Yugoslavia and a former operative for Tito's secret service, Slamaj told the trial he had spied on people suspected of belonging to the Croatian nationalist Ustashe organisation.

He said he also put drugs into people's food under the orders of a superior officer.

But, disillusioned, he defected to Canada in 1973 and settled in Vancouver.

'My life's goal'

The Canadian said his time in Yugoslavia had shaped his thinking.

"I know what governments do. I know that governments do things that we do not know about."

In the early 1990s he went into partnership with Dr Laszlo Paszner, a professor at the University of British Columbia, who was studying how to turn refuse from logging and sugar cane plantations into ethanol to create a clean sustainable energy source.



Michael Slamaj was a self-proclaimed conspiracy theorist

Slamaj's role was to secure the raw materials, land and finance to build an ethanol plant and this took him to the Philippines.

Slamaj agreed to take boxes containing the "bonds" back to Canada to either redeem them or authenticate them to obtain credit to finance the factory.

Slamaj said over the next few months he was approached by numerous middle men who wanted to redeem them.

“ We know that aircraft flew from the Philippines. We know the CIA carried out covert operations to China between 1949 and 1951 and some were shot down in China ”

Professor Richard Aldrich

They included a Russian prince, a member of the Saudi royal family, the grandson of the late Emperor Haile

Selassie of Ethiopia, a chief of the Blackfeet Indian tribe in the US, representatives of the Southern Cherokee "nation", and various Chinese, Japanese and German businessmen.

He was also approached by US middlemen, who claimed to have links with the CIA or the Treasury.

One of these was Daniel Todt, a lawyer from Cleveland, Ohio, who persuaded Mr Slamaj to bring a box to the US in June 2001.

Tragic ending

Mr Todt took it to a Bureau of Public Debt office in West Virginia.

A few days later Mr Todt apparently shot dead his wife Rebecca and their children, Nathaniel, 13, and Dominique, 16, at their home in Strongsville, Ohio, before turning the gun on himself.

Unbeknown to Slamaj, Mr Todt was heavily indebted and faced losing his licence to practise law. He also believed in a story right out of TV's The X Files.

“ He (Mr Slamaj) said the CIA had killed the previous person who had brought these (Federal Reserve) notes to the US Government ”

'Delusions'

Michael Segen
Prosecution witness

Ari Jaffe, from the Cuyanoga County Bar Association in Cleveland, told BBC News Online: "He (Mr Todt) was suffering from delusions.

"He believed that some time in the 1940s an alien from the planet Atlantis, called Dr Thor De Allah Kahn, met Earth officials at a rest stop in Virginia and handed over some bonds which were supposed to be distributed to improve Third World countries."

Mr Jaffe, an attorney who recommended Mr Todt be disbarred, said: "He had some fake Japanese bank bonds and he was going around trying to redeem them.

Slamaj had trawled various conspiracy theory websites - such as www.deepblacklies.co.uk - and had read about Project Hammer, a banking conspiracy theory involving covert funding of "deniable government operations".

“ The relationship between Chiang and the US did not become close until after 1941, when they suddenly had a mutual enemy in Japan ”

Richard Hwang
Chiang Kai-Shek expert

'Well documented'

Espionage expert Professor Richard Aldrich told the court covert operations involving bonds and counterfeit bank notes were well documented.

Prof Aldrich, from Nottingham University, said: "We know that aircraft flew from the Philippines.

"We know the CIA carried out covert operations to China between 1949 and

1951 and some were shot down in China."

But Richard Hwang, a specialist in Chiang Kai-Shek at the Academia Sinica in Taiwan, told the BBC's Tim Culpan the tale of Chiang's gold did not sound "reasonable".



The face value on the bonds was beyond belief

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