

BCCI Adept at Courting the Powerful and Rich

By Stuart Auerbach
Washington Post Staff Writer

LONDON, Aug. 6—Soon after he lost his bid for reelection, former president Jimmy Carter was honored at a charity dinner here. Sitting with him at the head table were former British prime minister James Callaghan and Agha Hasan Abedi, founder of the now defunct, scandal-racked Bank of Credit and Commerce International (BCCI).

Callaghan said that Carter introduced him to Abedi that night in 1981, and the Pakistani banker immediately offered a large contribution to

one of Callaghan's favorite charities, the Cambridge Commonwealth Trust, which brings students from Britain's former colonies to Cambridge University. "No doubt that Mr. Abedi was a great asset to the trust," said Callaghan, the highest-ranking British political figure to be associated with Abedi and BCCI.

Around the world, BCCI officials made a conscious effort to gain the goodwill of people of influence and then, according to investigators, used it for their own ends.

Abedi and his chief assistant, Swaleh Nagvi, "created the appearance of respectability by persuading world leaders to appear with them [as

they] defrauded . . . thousands of depositors, both small and large, who relied on that appearance of respectability," New York District Attorney Robert M. Morgenthau said last week as he announced fraud and money laundering charges against BCCI, Abedi and Nagvi.

The Price Waterhouse audit report on BCCI activities, which led the Bank of England and regulators in other countries to shut down the bank on July 5, reinforced this notion when it noted that Abedi "cultivated people of influence, particularly in the Middle East."

See BCCI, A22, Col. 1

BCCI, From A1

It is a pattern of behavior common throughout much of the Middle East and South Asia, where businessmen and others often cultivate relationships with powerful figures not so much for immediate goals but in the belief that these contacts eventually will bear fruit.

In the United States, BCCI recruited influential Washington lawyer Clark M. Clifford in 1978 to represent it in banking matters. Former Carter administration director of the Office of Management and Budget, Bert Lance, was a key contact in Georgia a decade ago, and more recently BCCI forged links with Florida savings and loan executive David Paul, who was known for his widespread political contacts.

In London, it is not clear what Abedi got for his efforts beyond a measure of respectability in the closed and stodgy world of London high finance for a bank that had its roots in the Third World nation of Pakistan.

"I just don't know how they wormed their way into the hearts and souls of high levels of government the way they did. It seemed that over a period of time BCCI had pretty good access to the government, the Finance Ministry, the Bank of England," said a senior official at an American bank here.

"Maybe they did it just to establish themselves in the community. Maybe they thought it was the normal process of getting known in the banking community."

Pakistanis who have known Abedi since the start of his banking career noted that he has always based his business on servicing the needs of customers. When he first opened a branch of United Bank of Pakistan in Karachi, early in his career, they said, he sent bank officers out seeking depositors and he fired them if they failed to get them. When he expanded into the Persian Gulf before the sheikhdoms were as rich or powerful as they are now, he cultivated relationships with the rulers to get their accounts. Among other things, he would bring them back to Pakistan to practice falconry.

In this country, though, no evi-

dence has surfaced yet that BCCI received any favors from the officials it befriended. Callaghan, the former Labor Party prime minister who was made a life peer in 1987 and now is known as Lord Callaghan of Cardiff, staunchly defended BCCI last year in the House of Lords after it was convicted of money laundering in Florida.

"I don't believe he [Abedi] was an evil man," Callaghan said in an interview Monday. "I felt he was genuinely concerned, that he had ideals. I found him a man I would honor."

"A year ago I would have had no hesitation of saying that Mr. Abedi acted out of altruism. Maybe I was a sucker."

To get close to statesmen such as Carter or Callaghan, BCCI offered large contributions to favorite charities. Carter's charity, Global 2000, received more than \$8 million from Abedi, according to its chief fundraiser James Brasher, with almost all the money earmarked for a worldwide campaign to eradicate the Guinea worm, a waterborne parasite that is devastating to the health of millions in developing nations.

"Abedi asked us to find a project that would have a lot of impact in Pakistan," said Brasher. The money that eventually came from Abedi was only a fraction of the estimated \$100 million cost of the project worldwide, he noted.

Over the years, Brasher said, Carter saw Abedi "three or four times" and "he came across as a saint. I've met a lot of shysters, but this guy didn't have an agenda. He came across as a warm, caring man."

While he was uncertain just how Carter met Abedi, Brasher said it could have been through Saudi financier Ghaith Pharaon, who had close

links to BCCI and was active in philanthropic causes in Georgia.

In London, Abedi launched the Third World Foundation in 1979, giving \$100,000 prizes each year to such luminaries as the former West German chancellor, Willy Brandt, and then-president Julius Nyerere of Tanzania. One year, the awards were presented by Princess Anne. The foundation's launching was attended by Jamaican Prime Minister Michael Manley, Lord Callaghan and the then-general secretary of the commonwealth, Sir S.S. "Sonny" Ramphal. Callaghan was a trustee of the foundation.

BCCI also had links to U.N. Secretary General Javier Perez de Cuellar. U.N. spokesmen have acknowledged that BCCI put a Boeing 727 jet at his disposal for trips to Haiti and Peru in 1986 and 1987, but said the secretary general "never did anything for BCCI," according to the Financial Times.

But court documents, Senate testimony and allegations by former employees showed that BCCI and its top officers courted other influential people by more insidious means: bribes, loans that never were expected to be paid back, presents of expensive jewelry and high-priced prostitutes.

"Abedi worked on the principle that every man had his price," said a Pakistani officer at the London branch of a Western bank. The officer has observed firsthand how BCCI operated here, in the oil-rich Persian Gulf and in Pakistan.

"The level of entertainment BCCI offered to people of wealth and influence was extraordinary," the bank officer said. "As a result, people in power, people who had money, would do anything for this bank."



JIMMY CARTER
... BCCI supported favorite charity



JAMES CALLAGHAN
... a trustee of Abedi's foundation



AGHA HASAN ABEDI
... gave millions to charities

For instance, a 1988 memo from Senate investigator Jack A. Blum, entered in the record of last week's Foreign Relations subcommittee hearing, said BCCI got its license to operate in Panama through the intervention of former Panamanian strongman Omar Torrijos, who, the memo stated, "liked good-looking women." According to the memo, a BCCI official told Blum that Torrijos and a bank manager "had some 'wonderful times' at the bank's expense in London."

Further, the New York indictment of BCCI and its two top officials alleges that two unnamed senior officials of the Central Reserve Bank of Peru were paid a \$3 million bribe in exchange for gaining Peruvian deposits in BCCI, a charge the Peruvians have denied.

In Britain, two senior Conservative

members of Parliament and one former member listed themselves as consultants to BCCI—part of what has been described as a global network of highly placed advisers.

They are Sir Julian Ridsdale, a former defense minister; Julian Amery; and former Parliament member Sir Frederic Bennett, an honorary director of BCCI in Hong Kong until 1986 who received \$10,000 a year from BCCI, according to the Sunday Observer. Amery declined to tell the Observer how much he received and could not be reached for comment here, but he has said he advised the bank on international affairs. All three political figures listed the affiliation, as required by British law, in the Register of Members' Interest.

There have been no allegations here that Lord Callaghan or the three senior British Conservative politicians helped the bank fend off British regulators or gain special privileges.

Germany Jails Pakistani In Nuclear Arms Probe

Retired General Linked to BCCI Scandal

By Maud S. Beelman
Associated Press

BONN, Aug. 6—A retired Pakistani military officer suspected of involvement in his country's attempts to develop nuclear weapons has been arrested in Germany, officials said today.

The retired brigadier general, identified as Inam ul-Haq, has been linked to the scandal surrounding the Bank of Credit and Commerce International, which allegedly helped bankroll several countries' attempts to develop nuclear weapons.

In Washington, Justice Department spokesman Doug Tillet said the United States has begun efforts to extradite ul-Haq.

He is accused of directing a Canadian businessman convicted in the scheme to purchase high-strength steel that needed an export license. Documents Canadian police found in the businessman's house showed that the steel purchase was to be financed by an arm of BCCI, Tillet said.

Ul-Haq, who told German authorities he was a salesman, has been held in custody in Frankfurt since his arrest July 11 at Frankfurt International Airport, said Hans-Hermann Eckert of the Hesse state prosecutor's office. The Wall Street Journal reported his arrest Monday.

The United States seeks ul-Haq's extradition on charges he falsified export applications so "metals for nuclear use" could be transported from the United States, Eckert said. It was not clear whether any

materials reached Pakistan. A statement released by the German Border Patrol office in Frankfurt, which made the arrest, said the suspect sought to export the metals as well as "fissionable materials" from the United States.

Ul-Haq, 62, reportedly worked in Pakistan's military engineering service. Western intelligence agencies have said he was a buyer for Pakistan's atomic energy commission.

In the Pakistani capital, Islamabad, a government spokesman denied ul-Haq was working for the government. He spoke on condition of anonymity.

At the time ul-Haq purportedly was active in the program, Pakistan was ruled by the military under president Mohammed Zia ul-Haq.

Asked about reports linking the general to BCCI, his attorney, Hans-Wolfgang Euler, said: "That's the first time I heard something like that about my client."

Ul-Haq was seized on an international arrest warrant after a flight from Karachi, Pakistan, Eckert said, adding that officials were awaiting a formal extradition request from the United States.

Pakistan's nuclear program has strained relations between Islamabad and Washington. Pakistan insists its nuclear program is peaceful, largely to generate nuclear power for industrial growth. But some governments contend Pakistan crossed the nuclear threshold in 1990 and has the capacity to make nuclear weapons.

Peru's Congress to Probe Deposit of Reserves in BCCI

Reuter

LIMA, Peru, Aug. 6—Peru's Congress prepared today to name a panel to probe alleged wrongdoing linked to the Bank of Credit and Commerce International as former president Alan Garcia denied involvement in the BCCI scandal.

Senate chief Felipe Osterling told local radio that Congress, when it opens its ordinary session Monday, would consider various motions requesting the appointment of a panel to investigate the deposit of millions of dollars of reserves in the BCCI.

Garcia, now a senator, told local journalists Monday night that he was aware that up to \$270 million in reserves had been deposited in the bank but that he had nothing to do with placing them there.

"The management of the reserves is the exclusive responsibility of the central reserve bank and its officials," Garcia said in statements broadcast on Radio Programas del Peru. He also denied that he knew anything of bribes said to have been paid to two former central bank officials.

"I can't believe this," Garcia said, referring to the allegation by New York District Attorney Robert Morgenthau that former central bank chief Leonel Figueroa and bank general manager Hector Neyra had accepted \$3 million in bribes.

"But if this is true, all the pertinent investigations must be carried out," Garcia said.



ALAN GARCIA
... ex-president denies involvement

Osterling said: "We have to name a commission that acts and expands this probe." Another congressional panel is already investigating allegations that Garcia enriched himself while in office, stashing millions of dollars in BCCI bank accounts. Garcia has denied the allegation.

The deposits to BCCI were made when Peru had sharply limited its debt payments and was vulnerable to having its assets seized.

Fernando Olivera, head of the panel investigating Garcia's alleged self-enrichment, called Monday for lifting of Garcia's immunity so the case could be passed to the courts.