

CIA failed to give Justice BCCI data, Kerr tells Congress

WASHINGTON (AP) — The acting director of the CIA told Congress Friday that the agency wrote hundreds of reports about the outlaw Bank of Credit and Commerce International but failed to inform the Justice Department of BCCI's illegal ownership of a big U.S. bank.

A Republican senator said the statement raised "major questions" about how the CIA operates.

The CIA had accounts at foreign-owned BCCI but later found out about its illicit dealings and used the bank to monitor drug traffickers and terrorists, Richard Kerr testified at a Senate subcommittee hearing.

When the CIA discovered in 1987 that BCCI had secretly acquired First American Bankshares Inc. five years earlier, the agency told the Treasury and Commerce departments but not Justice or the Federal Reserve, Mr. Kerr said. He said the CIA believed BCCI used Middle Eastern front men to illegally buy First American, a bank holding company based in Washington.

"With hindsight, we might have done it differently," Mr. Kerr told the Senate Foreign Relations Subcommittee on Terrorism, Narcotics and International Operations. The panel, which held public hearings this week on the BCCI scandal, plans to hear additional testimony from Mr. Kerr next week in a closed session.

"An awful lot of information was being given to people," said Sen. John Kerry, D-Mass., the subcommittee's chairman. "I'm not assigning any conspiracy to it ... but the information you were generating was not being responded to."

Mr. Kerry told reporters after the hearing that he considered the CIA's action "a mistake of judgment."

The panel's ranking Republican, Sen. Hank Brown of Colorado, said, "If you know about a fire, you don't call the city manager's office, you call the Fire Department."

"I think it raises major questions

about the way the CIA is managed," Mr. Brown said.

Treasury spokeswoman Claire Buchan said the department received a report from the CIA in 1985 on an unnamed Washington bank holding company said to have links to BCCI.

"While (the report) might have been useful background information, it wasn't overly significant to the people who received it," Ms. Buchan said.

Spokesmen for the Commerce Department weren't immediately available for comment.

BCCI, which had branches in the United States and many foreign countries, has been accused of running an international network of drug smuggling, arms peddling, money laundering and bribing of public officials.

Financial regulators around the world shut down BCCI's operations in July. A New York grand jury indicted the bank, its Pakistani founder and its former chief executive officer for alleged fraud and theft of depositors' funds.

Mr. Kerry disclosed this summer that the CIA had done reports on BCCI in the mid-1980s, but Mr. Kerr's testimony was the first indication the agency had generated a large number of documents.

Mr. Kerr also defended the CIA's own dealings with BCCI, dismissing as "outrageous" a published report this summer that the agency participated in an alleged BCCI "black network" of illicit activities around the world.

"CIA did not assist or encourage ... any wrongdoing on the part of BCCI or its employees," Mr. Kerr said.

He also said the CIA did not impede any criminal investigations or prosecutions of BCCI, and did not use the bank in the sale of weapons to Iran in the Iran-Contra arms-for-hostages transactions.