

Trading Company Is at Center of Furor In Congress Over Bush's Ties With Iraq

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WASHINGTON — A multinational trading company with a history of arms dealing has emerged as a principal factor in a congressional push for a special prosecutor in the growing political firestorm over the Bush administration's relations with Iraq.

The company is Casalee Group S.A., a Luxembourg holding company with 4,000 employees and operations on five continents, including a U.S. subsidiary that has admitted making \$494,000 in payments in connection with U.S. government-guaranteed tobacco exports to Iraq. One Casalee subsidiary was caught up in a 1987 Italian arms scandal involving the shipment of almost nine million land mines to Iraq. Another subsidiary in Belgium was an active arms dealer in 1981, selling everything from tank cannons to mortar bombs.

At a House Judiciary Committee hearing tomorrow, Rep. Charles Rose (D., N.C.) intends to single out Casalee as a major participant in the Agriculture Department's export credit program that he and others contend was subverted to help the Iraqis buy weapons and military technology.

Spokesmen for the company insist that Casalee hasn't been involved in arms transactions for several years and has no knowledge of guaranteed loan funds or commodities being diverted for military purposes.

Rep. Rose and other Democratic committee chairmen are scheduled to testify on the need to seek the appointment of an independent prosecutor to investigate the matter.

The partisan view is that the Bush administration made an enormous foreign-policy blunder in aiding Baghdad right up to Iraq's August 1990 invasion of Kuwait, and may have illegally tried to cover up the dealings to avoid political embarrassment. Administration officials acknowledge that their policy of economic assistance, including \$5 billion in agricultural credits from 1983 to 1990, failed to moderate Iraqi behavior. But they deny trying to cover up policy mistakes or circumscribe investigations of possible wrongdoing in export programs.

The hearing tomorrow won't begin un-

til after Christopher Drogoul, former manager of Banca Nazionale del Lavoro's Atlanta branch, pleads guilty to numerous criminal charges in connection with more than \$4 billion in unauthorized loans to Iraq.

Judiciary Committee Chairman Jack Brooks (D., Texas) and Rep. Charles Schumer (D., N.Y.), chairman of the Judiciary subcommittee on crime and criminal justice, want to hear what Mr. Drogoul has to say before he offers his guilty plea in federal court in Atlanta. Lawyers familiar with the case believe that Mr. Drogoul may implicate U.S. and Italian government officials in the bank scandal.

Much of the export credit from the Italian government-owned bank — including \$16.6 million in loans for Casalee's U.S. tobacco-trading unit, Casalee America Corp., from 1986 to 1989 — was guaranteed by the Agriculture Department's Commodity Credit Corp.

Casalee, meanwhile, feels it is being unfairly dragged into a political brouhaha. "I can tell you, categorically, Casalee isn't in the arms business," said John A. Bredenkamp, head of the company, in a telephone interview.

Tobacco trading has been the mainstay of Casalee's business ever since South African-born Mr. Bredenkamp founded the company in 1976 in Belgium.

Mr. Bredenkamp has a stake in a second company called Defco Worldwide, which sells Gulfstream airplanes and aircraft parts. He said that he first became involved in aircraft purchases during the civil war in Rhodesia — now called Zimbabwe — in 1976-77, when he handled funds to buy planes for the white minority government. For many years, Mr. Bredenkamp lived in Rhodesia; he was even captain of its national rugby team.

In 1981, Casalee's Belgian unit was acting as middleman between arms makers and buyers. Robert Jolly, an official of Casalee Belgium N.V., was circulating a long list of weapons and military material for sale. "Be assured that our prices are most competitive," Mr. Jolly said in a June 22, 1981, letter obtained by this newspaper. Mr. Bredenkamp said Mr. Jolly hasn't worked for Casalee for 10 years.

Twice in the 1980s, Casalee has been involved in arms-trading investigations in Italy and Belgium, according to court and police documents, but none of its employees has ever been charged with violating any laws.

At the request of the Arab League in 1984, police in Brussels looked into whether Casalee and two other companies were

supplying arms to Iran. Among the people questioned by the police was a Portuguese middleman who said he had approached Mr. Jolly about a possible arms deal at the request of the Iraqi officials. The deal, however, didn't go through, according to a September 1985 police report. The investigation was eventually closed without any Casalee officials being contacted by the police, according to the company's Washington-based lawyer Edward Wilson.

In Italy, on the other hand, Casalee was linked by Italian authorities to an illegal \$179 million sale of antipersonnel and antitank mines to Iraq between 1982 and 1986. The mines were sold by Valsella Meccanotecnica S.p.A., which is half-owned by the industrial giant Fiat S.p.A.

The European press has printed copies of two contracts between Casalee AG, a Swiss subsidiary, and Valsella, in which Casalee agreed to act as the arms maker's sales agent. Both contracts were initialed by Mr. Bredenkamp, according to copies given to this newspaper by P-Network, an investigative agency in Geneva. Both described Casalee AG as being "familiar with the world market for military products outside Italy and part of a group specializing in the market."

A Casalee consultant named Mario Fallani played an important role in the transaction, according to documents released by an Italian court. Mr. Fallani was involved in dunning the Iraqi military for an overdue payment in February 1986.

"The Fallani thing was an enormous mistake," said Mr. Wilson, the Washington attorney. "He really worked for the Fiat folks." Casalee put him on its book for pension and Social Security purposes "as an accommodation." Mr. Wilson said that Casalee wasn't indicted in the scandal and Mr. Fallani wasn't found guilty.

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