

# BCCI: Caught in the Coils of Cash

*It's Hard to Tell Villains From Victims in this International Mess*

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By Mark Hosenball

**E**VEN THE growing crowd of scandal and conspiracy buffs salivating over the BCCI case have fundamental problems figuring out the intricate story. For example, it's sometimes hard to tell the villains from the victims.

Take the Georgia politicians now squirming over allegations about BCCI-financed lobbying and junketing: Are they venal and greedy hacks? Or suckers drawn into an international web of intrigue and chicanery by a rapacious gang of swindlers?

The dimensions of the BCCI story are colossal. If BCCI is not the Mother of Scandals, as some enthusiasts suggest, it may be the Harlot of Scandals, a tale of corruption in some of the highest and lowest corners of the world. Presidents, prime ministers, con men and terrorists all were drawn in by BCCI's promiscuous and seemingly limitless supply of cash, perhaps in some cases because BCCI seems to have postured as an enthusiast for Third World development, backing causes and public figures that could give it an aura of respectability, while also engaging in regular business.

It will take years for investigators to make sense of the mountains of paper the scandal has generated. For now, scandal junkies need only wander through the piles of evidence to find gems illustrating the extent of the BCCI net. Here are a few, drawn from formerly secret documents:

■ **The Terrorist Connection.** Documents have surfaced providing hard proof of widespread allegations that BCCI was a banker for one of the world's most ruthless terrorists, Abu Nidal. Part of the minutes of a BCCI board of directors meeting shows that some time before July 10, 1986, someone called Samir H. Najmeddin "and/or S.A.S.

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Trade & Investment Company Inc." received a BCCI loan; American investigators say the BCCI board only approved loans over \$10 million. An earlier BCCI financial document, originally obtained by the London Sunday Times, also shows Najmeddin receiving a total of \$9.6 million in credit from BCCI prior to 1984.

The document describes Najmeddin as a "middle-man" who "has been known to us for over 2½ years and has routed various large transactions through the branch earning us considerable commissions." According to testimony given last month to the Senate Foreign Relations Committee by A. Peter Burleigh, the State Department's top terrorism expert, "the notorious" Najmeddin also is the chief financier for Abu Nidal, who, in the wake of BCCI's apparent largess, launched a series of international terrorist atrocities.

British legal documents also obtained by the Sunday Times report that a former BCCI London branch manager had reported that Abu Nidal maintained a personal bank account at BCCI under the nom-de-guerre Shakir Farhan (Abu Nidal itself is the nom-de-guerre of a man born Sabri Al-Banna).

■ **The Andrew Young Connection.** The former U.N. ambassador and Atlanta mayor has acknowledged a financial relationship with BCCI, but documents in the hands of investigators give new details of how much money his companies received and the terms on which it was given.

Loan papers from the National Bank of Georgia, which was sold by Carter administration budget boss Bert Lance to BCCI front-man Ghaith Pharaon, and later sold by Pharaon to First American Bankshares of Washington (now alleged to have been another BCCI front), show that in 1982 and 1983 a consulting firm called Andrew Young Associates was loaned \$200,000.

The money was loaned even though the National Bank's credit analyst concluded that Young's company was "a small, illiquid,

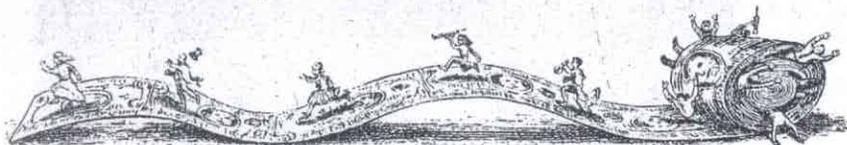
unprofitable, infinitely leveraged company which has not yet achieved the revenues [sic] levels it had expected." What did the company do to justify the bank's investment? According to the documents, its mission was "to focus primarily on offering consulting services to domestic businesses working to achieve sales to various Third World countries . . . relying largely upon name recognition and Third World political contacts." Its employees included Stoney Cooks, a long-time Young lieutenant, and Young's daughter, who "also has some experience in foreign relations, having testified before a Senate subcommittee subsequent to traveling with former Attorney General Ramsey Clark to Nicaragua on a fact-finding mission."

Another BCCI board minute dated Sept. 2, 1985 reports that in 1983 BCCI had donated \$100,000 to a nonprofit group, Young Ideas, set up by Young, and that Young personally asked for a further \$50,000 donation in 1985, which was granted.

In a telephone interview last week, Young stressed that he did not learn until recently about the Bank's alleged criminality. "As far as I was concerned, it was a solid respectable bank," he said. Some of the money, he said, was given to Young Ideas to pay for the travel of African leaders to a conference sponsored by the group, but he could not say whether this accounted for all the BCCI donations. Young added that he did not personally receive any money.

He said the loans to his consulting firm were secured by his house and that of his partner, Cooks. According to Young, BCCI eventually wrote off the loans in lieu of delivery of a retainer which the firm had been promised—but had not received—for development work it was supposed to do for BCCI in Angola, Mozambique and Namibia. He said he wasn't sure if Andrew Young Associates ever performed any work in connection with the retainer.

■ **The Kennedy Smith Connection.** A sheaf



of documents circulating among various investigative bodies describes a curious episode in which money from BCCI ended up, unwittingly no doubt, with one of the favorite charities of a Kennedy family matriarch, Jean Kennedy Smith.

The documents relate to a gala event which was organized in Paris in January 1988 for the benefit of Very Special Arts International, a charity headed by Jean Kennedy Smith that supports handicapped musicians. The event included a concert to inaugurate the Paris Philharmonic Orchestra, a musical group headed by Lalo Schifrin, the composer of the "Mission Impossible" theme. The concert's sponsors included leading Paris aristocrats and couturiers, as well as the American ambassador to France and Ghait Pharaon, the Saudi front-man for BCCI. Presiding over this glittery affair was Madame Danielle Mitterrand, wife of the French president.

Documents show that also on the scene were Mr. and Mrs. David Paul, high-profile socialites in Miami, where David Paul headed the largest savings and loan, CenTrust Savings. A cable from Pharaon in Paris shows Pharaon asking CenTrust to reimburse him for an 80,000 franc (\$13,920) donation which Pharaon, debiting his account at BCCI's office on the Champs Elysees, made to Very Special Arts on Paul's behalf.

High rollers apparently received the additional cachet of an invitation to a post-concert dinner at the American ambassador's residence, catered by six of France's top chefs, including Lyon's legendary Paul Bocuse. More money was raised by auction at that dinner: David Paul won a second dinner catered by the same French chefs, duly flown to Miami for the event.

A knowledgeable Miami source said Paul supported Jean Kennedy Smith's event on the understanding that Smith would support a Miami fund-raiser for one of Paul's favorite charities, Miami's New World Sympho-

ny. Smith allegedly backed out of the quid-pro-quo because one of her children (not William) was sick. Reached in Miami, where he is under investigation by numerous law enforcement agencies after his bank's collapse, Paul refused to comment on the documents or his trip to Paris. A spokesperson for Very Special Arts said that the organization "never agreed to raise funds for Mr. Paul. It's preposterous to suggest any impropriety in accepting Mr. Paul's 1988 contribution to help disabled artists."

**T**here are other bizarre items strewn throughout the documents: a two-page security memo from the CenTrust security department to David Paul, stamped "CONFIDENTIAL" and warning its recipients that "Visitors to Bogota, Medellin and Cali must take careful measures to reduce the risks of kidnapping and assassination." What appears to be a cover letter on Paul's stationery, dated six days later, exclaims: "To Dr. Pharaon: We must both be crazy." (A source close to CenTrust confirmed the memo's authenticity, but said no known trips were made to Colombia by Paul or by Paul and Pharaon together).

And another CenTrust memo offers tantalizing hints of what might have been the ultimate international financial fiasco: CenTrust (by then partly owned by Pharaon) appears to have been reviewing a "package" sent by California's Lincoln Savings and Loan, the once-soaring institution headed by S&L kingpin Charles Keating. After a cursory financial analysis, the memo concludes that, for the moment, CenTrust should probably "pass" on the deal, because the "large distance between here and California stretches management and limits significantly any market synergies."

The pit which now threatens to engulf many of those who dallied with BCCI swallowed up both CenTrust and Lincoln before any mega-deal could be consummated.