

# FBI Investigating BCCI's Lobbying Effort in Georgia

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The FBI said it is investigating whether the Bank of Credit and Commerce International (BCCI) tried to manipulate the political process in Georgia to permit the sale of a financially troubled Atlanta bank it controlled to First American Bankshares Inc. of Washington, which regulators said also was under BCCI's control.

Sources said the National Bank of Georgia paid Georgia lobbyist Charles Jones and his Hinesville, Ga., law firm \$1.25 million to help persuade the state legislature to

clear the way for the sale of National Bank of Georgia to First American. An amendment to state banking law was required. The Georgia bank also financed trips to London and Fort Lauderdale, Fla., and other entertainment for some of the lawmakers, according to informed sources.

A year later, the state legislature did as BCCI had hoped and the sale of NBG to First American took place.

Now the lobbying effort is under investigation by the FBI, a bureau official has confirmed, as part of a multistate probe of the Luxembourg-based BCCI, which last week

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# FBI Probing BCCI's Georgia Lobbying Effort

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was indicted in New York for bribery and fraud after being shut down by regulators.

The Georgia lobbying effort interests investigators as an example of how BCCI forged links with political figures around the world to get what it wanted.

"The FBI is aware of allegations stemming from the Manhattan District Attorney's investigation and the Federal Reserve's investigation, and the congressional investigation... that indicates influence peddling may have taken place in the state of Georgia to facilitate passage of the Interstate Banking Act," William Hinshaw, special agent-in-charge of the FBI's Atlanta office, said in an interview.

"In consultation with the U.S. Attorney's office, the FBI is reviewing the allegations and reviewing previous investigations" involving public officials in Georgia, Hinshaw added. He declined to elaborate or specify what possible violations of law the FBI is looking into.

The First American purchase of National Bank of Georgia is a key chapter in a 100-page filing by the Federal Reserve Board outlining what it said were repeated violations of banking law by BCCI over more than a decade.

At the center of BCCI's activities in Georgia was Saudi investor Ghahth Pharaon, who presented himself as the owner of the Georgia bank but was in fact a front man for BCCI, concealing its control of the institution, the Fed said in its report.

In 1986, Pharaon was in financial trouble and BCCI feared his creditors might seize NBG, thus possibly jeopardizing BCCI's investment, the Fed report said, so BCCI "caused" First American to buy NBG for \$220 million.

That assertion contrasts with the statements of First American Chairman Clark M. Clifford and President Robert A. Altman. They have said in interviews that the acquisition of NBG was Clifford's idea and Altman negotiated the purchase from Pharaon.

Altman said he often consulted with Agha Hassan Abedi, then president of BCCI, who, Altman said, served as an intermediary and adviser to First American shareholders. Clifford and Altman have denied any wrongdoing in connection with their dealings with Abedi and Pharaon, and have insisted that BCCI never influenced any decisions made by First American's management.

However the sale was carried out, it could not go through without a change in Georgia banking law governing acquisitions by banks in Maryland and the District of Columbia.

Jones hired J.R. "Jake" Cullens, a former state legislator, to help lobby for the bill. Jones declined to comment on his role in the lobbying.

The Atlanta Business Chronicle reported Monday that Cullens was paid as much as \$400,000 for his work on the bill. Cullens said in an interview Friday night that he hasn't been contacted by any investigators.

He said he did entertain legislators during the session, but added that any reports of "influence buying" were "ridiculous."

"That wasn't necessary," he said. "There was no opposition to the bill. You couldn't pass legislation like

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that if the big banks in the state were opposed to it." He declined to discuss his fees.

The bill passed the state Senate unanimously and was approved by the House by a vote of 155 to 4. The Atlanta Business Chronicle noted at the time that the only beneficiary of the bill was NBG. "I sought passage of the legislation for my client's benefit," Jones was quoted as saying in the Business Chronicle. "The legislation was sought by NBG primarily."

"By the summer of 1987, Georgia law had been amended, due at least in part to the lobbying efforts" of NBG, the Fed report said.

Although the sale kept Pharaon's

creditors at bay, the Georgia subsidiary is unprofitable, internal bank records show. Pharaon acquired NBG in the late 1970s from former Carter administration official Bert Lance of Calhoun, Ga., and other owners.

On Friday Lance told the Associated Press that he has testified before a New York County grand jury investigating the BCCI case, but has not been contacted by federal authorities.

Lance said that Abedi, a Pakistani banker, introduced him to Pharaon in 1977 at a time when Lance owned a part interest in NBG, which he later sold to Pharaon. "Everything that was investigated with Pharaon indicated he was acting on his own behalf," Lance said.

The payments BCCI made in Georgia are thought by investigators to be only a part of its efforts to enlist political help.

Last Thursday William Taylor, the Federal Reserve Board's chief bank regulator overseeing the BCCI investigation, was asked during a congressional hearing if the Fed had obtained a list of American officials who have received payments from BCCI.

"I know of no list of individuals who received payoffs," Taylor said. "I would like to have such a list."

Taylor said, however, that investigators "have a few instances where there are expenses paid for people who take trips and attend conferences and the like... any bill paid to a law firm, you have to know what's behind that."