

# The CIA's BCCI Laundry

*An Agency Self-Portrait Scrubs at the Scandal*

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By Mark Hosenball

**T**HE CENTRAL Intelligence Agency has launched a public relations campaign to put its own "spin" on the growing scandal surrounding the Bank of Credit and Commerce International.

Through a campaign of hints, leaks and unusual public pronouncements, the agency appears to be trying to keep ahead of the scandal by admitting a certain range of knowledge and involvement with a dubious financial institution that former CIA deputy director Robert Gates once reportedly nicknamed the "Bank of Crooks and Criminals."

Lurid rumors and allegations have suggested that the agency used the bank for covert operations, secret deals and even unauthorized "off-the-shelf" dirty trick schemes which could be perpetrated without repercussions for the agency by using a "black network" of thugs and assassins run out of the bank's head office in Pakistan.

The agency's tactic has been to admit that it was aware of the bank's involvement with criminals and that it used the bank to move money around the world. But the agency has insisted that its own involvement with the bank was entirely legal.

Ten days ago, the agency allowed a congressional subcommittee investigating BCCI to release a sliver of one of the CIA's own secret reports on the bank. In the 1986 report, the agency indicated it was well aware of the bank's involvement with drug

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TERRY SMITH FOR THE WASHINGTON POST

money and also had sought at an early stage to blow the whistle on the bank's control of Washington's First American Bank, a fact which only came publicly to light in the last few months.

The agency's present deputy director, Richard J. Kerr, then used the curious forum of a speech to high school students to confirm that the agency had maintained its own accounts at the bank but began to "extricate" itself "once we discovered it was a

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dirty bank." All the while it used the bank, Kerr added, the agency "very aggressively" collected information on BCCI's multifarious illegal activities.

Without access to CIA files, it is impossible to tell if the agency is putting out a fair account of its own dealings with the bank or a totally self-serving one. But some new evidence has now emerged to suggest that the agency is using its statutory veils of secrecy to—at the very least—portray its activities in a more favorable light than they deserve.

The texts of two CIA reports on BCCI, both still classified "secret" but made available to NBC News, show that in the information and analysis about the bank which it presented to other agencies of the U.S. government, the agency was both general and vague about the extent to which it possessed any hard evidence about the bank's illegal activities. At the same time, the agency said nothing about its own entanglement—legal or otherwise—in the bank's worldwide financial tentacles.

The first CIA report, a working paper prepared in 1986, appears to be the same document a snippet of which the CIA permitted Sen. John Kerry (D-Mass.) to release 10 days ago. The relevant passage: "In 1981 BCCI made an unsuccessful attempt to acquire or gain control of Financial General Bankshares, a Washington-based multistate bank holding company; BCCI achieved its goal half a year later, although the exact nature of its control is not clear." (In a passage not declassified, the

CIA also said that BCCI intended to expand in the United States, "particularly into the Dakotas, but available information does not indicate whether this has been accomplished.")

The agency has pointed to the declassified passage as proof that it was onto BCCI's dubious involvement in Washington before other government agencies. While this may indeed be true, law enforcement officials argue that this kind of unsupported assertion is basically useless when it comes to putting it to practical use.

In reality, apart from references to "unorthodox and unconventional practices," "money laundering" and "narcofinance"—and an interesting but imprecise report of an allegation that BCCI had been manipulating the "Euro-dollar" certificate of deposit at the expense of the American Express Co.—the five-page document is matter-of-fact in tone and hardly a call to action for American law enforcement agencies. Former customs commissioner William Von Raab, whose agency brought the first American criminal case against BCCI, said that when he first asked the CIA about the bank, the agency sent him a brief report which he found as bland as "porridge." The 1986 CIA report fits this description.

A second secret CIA document, dated May 1989, is more spicy but equally problematical. This 30-page document—containing mini-profiles of BCCI managers and long lists of BCCI branches and shareholders—is more assertive in tone, suggesting at the outset that the bank's rapid growth is "at least in part . . . attributable to illegal transactions with narcotics traffickers."

The document offers a broader but still curiously circumscribed account of some of the controversies that were swirling around BCCI at the time, but is indefinite about the weight to give its allegations:

■ A "source of undetermined reliability" reported that "BCCI established a Washington, D.C., presence in late 1987 with the purchase of First American Banking Corporation" and that "this company moved money in and out of the United States in a series of unusual—but typical of BCCI—transactions with London." The document continues: "BCCI/Madrid President Aga Hasan [sic] Abedi handled 3-4 transfers from London, always preceded by a telephone call from London telling the Washington personnel not to mention any name in connection with the transfer."

This suggests a closer working relationship between BCCI and First American than First American officials like Clark Clifford have admitted, but law enforcement officials might well be excused if they found it less than a mandate for indictment. According to the document's distribution list, while it was sent to Customs, the FBI, the State Department and the Drug Enforcement Agency, it was not sent to bank regulators at the Federal Reserve.

■ The document reports that because of political uncertainties and a U.S. money-laundering indictment against BCCI in Florida, BCCI's office in Panama is "no longer attractive as a haven for capital flight from other Latin American countries. BCCI/Panama City is still trying to attract Colombians who want to launder narcodollars in Panama, but does not have the level of trafficker business it enjoyed in previous years." But it omits any mention at all of Panama's chief money launderer (and reputed CIA client) Manuel Antonio Noriega, then still reigning as Panama's military strongman.

■ Another "source of undetermined reliability"

reports that BCCI is implicated in a major financial scandal in India, which reaches into the family of the late Indian leader Rajiv Gandhi. One allegation is that "BCCI is alleged to provide financial backing to Indian companies engaged in narcotics trafficking." But intelligence community "consumers" of the CIA's report could have gotten some of the same information from news stories that surfaced in the American and Canadian press in 1987.

■ The CIA report goes on at length about BCCI's roots in the oil-rich states of the Middle East and its sometimes unusual banking practices; to wit: "Branch managers are instructed to accept deposits or provide overdrafts to an account number without requiring that the depositor provide positive identification." It adds: "BCCI has a reputation for doing business with anyone, and using whatever means are available to preserve anonymity when the depositor requests it." But there is no mention anywhere in the report's 30 pages about alleged BCCI involvement with the Middle Eastern terrorist Abu Nidal, even though the State Department's top counter-terrorism official, A. Peter Burleigh, told Congress earlier this month that in 1986 the "intelligence community" had "developed and disseminated information that linked [the Abu Nidal organization] to a BCCI branch in Europe."

**W**hat is one to make of these curious omissions and of the tentative tone of even the more tantalizing bits of CIA information? The CIA reports present an interesting conundrum: The agency can indeed claim that it warned other government departments about nefarious activities by BCCI long before the U.S. government acted against the bank; yet on the basis of these reports, law enforcement agencies can also claim, with some legitimacy, that the CIA information was not particularly useful.

In addition to making no mention of BCCI's connections with the CIA's foreign friends, such as Noriega, the two CIA reports also omit any mention of the agency's now self-confessed use of BCCI to move its own funds around the world—certainly a fact that other U.S. government agencies considering action against the bank might have found relevant. So bland are the documents that a conspiracy-minded person might conclude that they were put together by agency propaganda experts as press releases with a "secret" cachet.

Ceferino Epps, a CIA spokesman, said last week that the agency had "fulfilled our responsibility" in informing other government agencies about what it knew about possible malfeasance at BCCI: "When we discovered information that we thought should be brought to the attention of other agencies, that's what we did," he said. But he said that because he did not have the 1986 and 1989 CIA reports in front of him, he was unable to respond to possible debate over their contents.

Because the business of modern spying is so bureaucratic, CIA headquarters at Langley undoubtedly possesses documents detailing the agency's zealous pursuit of BCCI's relationship with terrorists and its own—entirely legal of course—financial activities at the bank. But the fact that such information was omitted from two major CIA reports on BCCI which were prepared for circulation to other government agencies hardly vindicates the agency's assertions of prescience.

The documents suggest that even as it is trying to appear forthcoming about its connections with BCCI, when the "secret" stamps and intelligence mumbo-jumbo are stripped away, the CIA still finds it hard to be candid with government agencies it is supposed to serve.