

U.S. Let BCCI Probe Languish, Hill Told

Ex-Official Blames Lobbyists' 'Pounding'

8/2/91
By Guy Gugliotta
and Michael Isikoff
Washington Post Staff Writers

Former U.S. Customs Commissioner William Von Raab yesterday blamed high-powered lobbyists, concern about the prosecution of deposed Panamanian leader Manuel Antonio Noriega, and a general malaise among investigators for the U.S. government's failure to vigorously pursue the case against the Bank of Credit and Commerce International for the past three years.

Von Raab's comments came in a day-long Senate hearing that revealed new details of the government's handling of allegations of drug-trafficking, money-laundering and fraud in U.S. branches of the giant international bank.

In separate, prepared testimo-

ny released late yesterday, A. Peter Burleigh, State Department coordinator for counterterrorism, said the "U.S. intelligence community" had information in 1986 that "linked" Palestinian terrorist Abu Nidal's organization, in ways Burleigh did not specify, to an unidentified BCCI branch in Europe.

The panel is attempting to find out how much was known about the Luxembourg-based BCCI's alleged criminal activities during the last decade. BCCI was shut down in Britain, Luxembourg and the Cayman Islands last month and indicted on bribery and fraud charges Monday by a New York grand jury.

Von Raab, customs commissioner from 1982 to 1989, oversaw the initial Customs Service

See BCCI, A16, Col. 1

Cloud Over a Rising Star

BCCI Case Puts Altman's Career at Risk

8/21/91
By Sharon Walsh
Washington Post Staff Writer

With his venerated law partner, Clark M. Clifford, in the fore and his glamorous television star wife, "Wonder Woman" Lynda Carter, by his side, Robert A. Altman was the local boy who made good.

His Potomac mansion is peopled with white-gloved servants and friends from political, legal and entertainment circles. It was decorated by Georgetown designer Carol Lascaris, who has done the palaces of a number of Saudi princes, and is filled with posters and photographs of Carter, according to some who have been guests there.

His law practice at Clifford & Warnke boasts political insiders and Fortune 500 companies as clients, and for 10 years he has headed the largest bank holding company in Washington—First American Bankshares Inc.

But the brilliant future that lay ahead of this glittering career now rests very much with Federal Reserve Board regulators and federal prosecutors in the District of Columbia who are probing his involvement with the Bank of Credit and Commerce International, the shadowy foreign bank that was indicted for fraud and bribery in New York this week.

The regulators and prosecu-



ROBERT A. ALTMAN
... future rests with regulators

tors want to know how BCCI secretly and illegally acquired control of First American over the explicit opposition of the Federal Reserve and the assurances of Clifford and Altman that they—not BCCI—would run Washington's biggest bank holding company.

Clifford, the chairman of First American Bankshares, and Altman, its president, say that if the regulators were deceived, they were as well.

See **ALTMAN**, A14, Col. 1



Robert Altman's Potomac estate. The 20,000 square-foot main house features 16 bathrooms and was decorated by a designer who has done the palaces of Saudi princes. The property is estimated to be worth between \$5 million and \$7 million.

BY ANDRE CHAND - THE WASHINGTON POST

investigation into BCCI, which focused on a drug money-laundering operation at the bank's branch office in Tampa. He said he was "annoyed" when indictments issued in October 1988 did not reach top bank officials, and was appalled when the Tampa case was allowed to peter out in a January 1990 plea bargaining agreement.

"I think it was a shameless agreement," Von Raab told the Senate subcommittee on terrorism, narcotics and international operations. The agreement required BCCI to plead guilty to money-laundering and imposed a \$15 million fine—"less," Von Raab said, "than the bank had made from its money-laundering activities."

The Justice Department maintains that it has never stopped investigating BCCI's activities in the United States. At the time of the Tampa indictments, that case represented the largest fine ever assessed against a bank for money-laundering.

In sworn testimony, he sharply criticized high-level "influence peddlers," including Washington public relations firm Hill & Knowlton.

The subcommittee, chaired by Sen. John Kerry (D-Mass.), also heard testimony and received depositions from officers of the Federal Reserve and State Department, as well as Jack Blum, a former counsel to the subcommittee who conducted his own investigation of BCCI.

Von Raab's departure from Customs came amid controversy prompted by his repeated charges that top Reagan and Bush administration officials had failed to aggressively pursue the federal anti-drug effort. He acknowledged yesterday that his superiors "felt that I was overzealous," and offered this as the reason he was "cut out" of the BCCI probe in early 1989.

He described in detail a request he said he made in 1988 to CIA Deputy Director Robert Gates for information on BCCI. Gates, Von Raab said, "quipped that it [BCCI] was known among his colleagues, the agency, as the 'Bank for Crooks and Criminals International.'"

Von Raab said Gates told him that the CIA had prepared a "piece" on BCCI in 1986 and would send it to him. The CIA memo, Von Raab said, "described the origins of the bank, its MO [modus operandi],

who they thought the owners were at that time, and characterized it in terms that implied that certainly it was involved in lots of questionable or at least criminal activity."

Von Raab said the memo "didn't prove to be particularly useful to us as an investigative tool." It did, however, "give me a sense of the type of people who owned the bank."

In a Wednesday press release, Kerry said the memo contained information that BCCI had secretly controlled the Washington-based First American Bank since 1982 without the permission of the Federal Reserve. Calling BCCI "a criminal enterprise," Kerry charged that the memo raised "obvious and serious" questions about why the information it contained was not passed along to federal regulators and the Justice Department.

The Burleigh statement will likely add to the debate over U.S. government knowledge of alleged BCCI misdeeds prior to last month's indictments. Burleigh said that Nidal's group—which has been described by the State Department as "the most dangerous terrorist organization in existence"—conducted "significant business operations" through front companies that traded in weapons, construction services and other commodities.

But his testimony did not elaborate on the nature of Nidal's relationship to BCCI, or indicate whether the State Department or U.S. intelligence communities ever passed on their information to U.S. law enforcement officials.

The State Department testimony followed a report in the Sunday Times of London last month that said that an audit of BCCI's London branches, conducted by Price Waterhouse for the Bank of England, had identified more than 40 accounts that were secretly controlled by Nidal and other terrorists and arms dealers.

The Sunday Times report stated that the Nidal accounts were "monitored" by British intelligence, and quoted a former London branch

manager, Ghassam Ahmed Qassem, as saying the terrorist accounts "had been set up with knowledge of senior officials within BCCI."

A State Department spokesman last night declined to elaborate on Burleigh's prepared testimony, or to identify which BCCI branch Burleigh was referring to that had "links" to Nidal.

Shortly after his 1988 conversation with Gates, Von Raab said, the U.S. Attorney in Tampa indicted more than 70 BCCI officials. "I was annoyed at the time . . . that there were not more significant indictments brought against higher-level BCCI officers and more significant charges brought against BCCI as a corporation," Von Raab said.

He added, however, that he accepted the U.S. Attorney's explanation that the evidence was insufficient to proceed further. Still, "I had always hoped that that would happen subsequently."

Instead, Von Raab said, the investigation died away, and appeared to end in "this bad plea bargain." Von Raab blamed the foot-dragging on a "general softening of resolve on the part senior U.S. officials" brought on by "incredible pounding" in Washington from high-powered "influence peddlers" like Clark Clifford and Robert Altman, chairman and president of First American Bankshares, along with Robert Gray and Frank Mankiewicz, of Hill and Knowlton, the public relations firm hired by them.

"There wasn't a single influence peddler who wasn't being used to work this case," Von Raab said. "The result is that senior U.S. policy-level officials were constantly under the impression that BCCI was probably not that bad, because all these good guys that they play golf with all the time were representing them."

Hill and Knowlton Vice Chairman Mankiewicz issued a statement dismissing Von Raab's testimony as "irresponsible and totally false." Mankiewicz said "neither I, nor Robert Gray, nor anyone else from Hill and Knowlton ever contacted, on behalf of BCCI, anyone in the Department of Justice or anywhere else in the Executive Branch, or, for that matter, on Capitol Hill."



BY RAY LUSTIG—THE WASHINGTON POST

Sen. Kerry, left, talks with Jack Blum, center, a former subcommittee counsel, and former Customs commissioner Von Raab.

Clifford and Altman have appeared before a District grand jury in connection with a federal investigation of the relationship between BCCI and First American. In public statements, they have denied any wrongdoing.

Von Raab said the BCCI investigation probably was slowed by the Justice Department's desire to gather evidence against Noriega, indicted on federal drug trafficking charges in February 1988. Investigators described BCCI as "Noriega's bank."

"They wanted the best evidence they could get against Noriega," Von Raab said. "It was believed that BCCI was a repository for great

evidence against Noriega They saw the case much too much as a place to collect evidence in another case."

The reluctance to pursue BCCI because of the Noriega case, he added, was "compounded" by a "lackadaisical and sort of worked-over" attitude by high-level officials "tired" from fending off the public relations assault: "Whatever the Washington brokers got for their involvement in protecting BCCI from the federal government, they earned every million dollars they received."

Staff writer Jim McGee contributed to this report.

ALTMAN, From A1

For Clifford, 84, a statesman whose reputation seemed chiseled of the finest marble, the BCCI case may be no more than a sad ending. Altman, 44, arguably may have more at stake. If regulators and prosecutors don't accept his explanations, BCCI may be the broken tie that derails him.

Altman has not talked to reporters in several months. But last spring, before the BCCI scandal erupted, Altman sat for several hours in the conference room at Clifford & Warnke to answer a reporter's questions.

The furniture there was elegant but a bit tattered, and one of the china cups set out on the sideboard for coffee had a chip on it. Altman seemed at home there. He was direct and absorbed in the questions. He sometimes slumped down into the leather chair in a relaxed pose, as if to take a reporter into his confidence.

He seemed at ease talking about the difficult, complex workings of the bank and its problems with regulators. Questions about his money and lifestyle made him bristle. He abruptly declined to talk about how much money he or his firm has made from his legal representation of BCCI—Clifford and Warnke represented the bank for more than a decade—or of First American, saying only, "we have been fairly compensated."

Some sources said the law firm has reaped tens of millions of dollars from legal work for BCCI in a single year. In addition, Clifford and Altman earned a \$9.8 million trading profit on First American's stock in a deal financed by BCCI. Altman's net profit was \$1.3 million—fair compensation for their services to First American, the two lawyers said. Clifford has drawn a small salary from First American; Altman received none at all, they said.

Altman sat up straight in his chair when asked whether his Potomac home has 16 bathrooms. "Who told you that?" said a surprised Altman when asked about the number. He admits he doesn't know how many bathrooms the house has.

In fact, Altman, his wife and their two small children live in a 20,000-square-foot Potomac estate with a library, a fully equipped exercise studio, 16 bathrooms, a billiards room, a music room, separate living quarters for the servants, a multicar garage, a tennis court and pavilion, a pool and a specially designed waterfall that empties into its own pond and is visible from the deck. The property, for which the Altmans paid \$2.6 million in 1987, is estimated by real estate sources to be worth between \$5 million and \$7 million now.

His 1984 marriage to Carter, perhaps best known for her role in the 1976-1979 television series "Wonder Woman" and as a model for Maybelline cosmetics, boosted Altman's position in Washington social circles, where a lawyer or a politician is commonplace, but a movie star makes the politicians stare.

The Pacific Palisades wedding was a blend of Washington and California constellations, with political power-wielders like Clifford and his law partner Paul Warnke mingling with Hollywood and television stars Loni Anderson, Ed McMahon, Valerie Harper and Barbara Mandrell. Also at the wedding was Agha Hasan Abedi, the Pakistani business executive who founded BCCI in 1972.

For those who don't know my wife, it may seem curi-

ous," he said of the marriage. He volunteered that, contrary to some press reports, the marriage is not in trouble. "She and I have the same values," he said, pointing out that she has put her career on hold for the last several years to devote much of her time to their 3-year-old son, Jamie Clifford Altman (namesake of Clark Clifford), and their 8-month-old daughter, Jessica Carter.

Carter has her own production company, Potomac Productions, and lately has spent a great deal of time in Hollywood trying to revive her television and movie career. But, "we very definitely don't want the children raised out in L.A. because of the values there," said Altman, who strongly supports his wife's career.

Those values include Altman's own very strong work ethic and the fear that too much of the good and easy life spoils children, he says, articulating how the good life in Hollywood is different from the good life in Potomac.

"My kids will work," he said. "One of the real pleasures in life is not a house in Potomac; it's setting goals, achieving them."

On the Sunday afternoons when the Washington Redskins play, the Altman house is often a meeting place for several dozen friends, family members and their children. Among the Altmans' closest friends are Rep. John D. Dingell (D-Mich.), chairman of the House Energy and Commerce Committee and the man who taught Altman to shoot skeet, and his wife Deborah, a lobbyist for General Motors Corp. and the unofficial godmother of Altman's son. Transportation Secretary Samuel Skinner and his wife, Honey, former House speaker James Wright and his wife, Betty, President Bush's daughter Dorothy LeBlond, Blaine Trump (Donald Trump's sister-in-law), Chris Evert and Martina Navratilova are all confidants of the Altmans.

The Altmans give spectacular Christmas parties, decorating the house with huge toy soldiers, sleds and Christmas trees that could compete with Macy's, according to those who have attended. A mixture of close friends, family and acquaintances share in a lavish, catered buffet, and expensive presents are opened by family members while friends are presented with smaller gifts.

"They're most at home with a bunch of friends and family sitting around watching football," says Altman friend Lawrence Barcella of Katten, Muchin & Zavis, who has also done legal work for BCCI. "Everybody's kids are running all over the place. It's a home, not a house.

"He has friends who are glamorous, and he sure as hell has friends who are unglamorous," says Barcella. "You see them at a charity ball you get one impression. You see him with his feet up drinking a beer, you get another."

Feet up or feet down, theirs is a home where guests must be announced at the front security gate and, even when the dinner guests are in jeans, dinner is served on silver trays by white-gloved servants.

When asked whether the recent press attention focusing on the bank's ownership has affected their friendships, Altman replied, "Not in the least. There's been none of that whatsoever." But, he also said: "This can be a very tough town."

Both Altman and his wife are worried about the effects of being in the midst of a controversial story, friends and family members say. And some say that friendships have grown cooler.

When Deborah Dingell was called by a reporter and asked to talk about the Altmans, she declined. "I would prefer not to get into this," she said. "I would refer you to my husband's office. . . . Lynda is my friend, but I would prefer not to get into it."

John Dingell describes Altman as "a complete gentleman" and a "very competent attorney," adding that he has no knowledge of Altman's business.

In 1969, when the dean of George Washington University's Law School got a call from the prestigious firm of Clifford & Warnke, which was looking for a law clerk, they were given Altman's name. He was only a first-year student, but he caught the eye of Clifford, who had just returned to practice after leaving the Johnson administration as secretary of defense.

"I've watched the younger men come and go through all these years I've been practicing law," Clifford said in an interview this spring in his slow, melodious tones. "There are those who have it, those who don't have it. . . . He was bright and he was industrious. Boy, would he work. I liked that a lot in a young fella," he said with a small laugh.

From his earliest days at Clifford & Warnke, Altman worked around the clock for a variety of clients ranging from Knight-Ridder Newspapers Inc. and Schering-Plough Inc. to former Carter administration official Bert Lance and former House speaker Wright.

It was during this time that he attached himself to Clifford, the powerhouse lawyer and name partner of the small firm of about 17 lawyers.

The work ethic was apparently in the genes. Altman's father, Norman Altman, is a successful, Harvard-trained housing lawyer. His mother, Sophie, is an attorney from Yale Law School and the award-winning creator and producer of the television quiz show "It's Academic." One sister is a law professor at American University, another until recently taught at Harvard Law, yet another is an award-winning television producer and best-selling author.

Altman went to Wilson High School in Washington and the University of Wisconsin as an undergraduate. When he was applying to law schools, he said, he was ready to come back to the Washington area, choosing George Washington University Law School, where he became editor of its law review.

In the Altmans' Cleveland Park home, the motto was: "If you're going to be good, you have to be competitive," said his mother, Sophie Altman. That included studies and sports. In addition to being a top student, Altman was a champion college swimmer, plays tennis with the pros and skis with abandon.

"I'm very competitive," he said. "It takes a certain amount of ego to operate in this town."

Altman's competitive nature comes out in the courtroom and on the tennis court. In the early 1980s a pitched takeover battle was going on for First American (then called Financial General Bankshares). A number of the attorneys involved, including Altman, were avid tennis players and used to joke that they'd play for the bank.

"He never won a set from me, but every time we started playing, he'd say he was going to kill me," remembers attorney Martin Thaler. "It's just that he's an extremely confident individual. He's had a lot of success. And he just believes in himself. I was amused by it. . . . Even when he was down 5-0, he still *believed* he could win."

Altman remembers differently. "He would never have had me down 5-0," he said with a smile.

Another attorney who has worked with Altman expresses his competitive nature differently. Altman, he says, exemplifies what is often said of litigators: "Sometimes wrong, but never in doubt."

That lack of doubt has been most pronounced at First American, say those who have worked with Altman there. Although Clifford and Altman only rarely use the First American headquarters offices at 15th and G streets, Altman insisted that one of the elevators be set to go only to the floor where their offices were.



BY ANNALISA KRAFT FOR THE WASHINGTON POST

Altman and his wife, Lynda Carter, at a book-signing party for Altman's law partner Clark Clifford in May.

A lawyer with no experience running a bank, Altman became involved in personnel decisions in a bank with 6,700 employees, and often approved of or cut the salaries of people he had never met, sources said. He was brutal at budgeting sessions and took power from others for himself, according to a number of people who worked for him.

"He is the ultimate political animal who understands power and loyalty," said one official who has worked closely with Altman. "Small breaches of faith are dealt with—in time, but they are always dealt with."

"You're either on his team or not," said Susan von Raab, a former commercial lending officer at First American Bank of Virginia who was let go by Altman. She believes it was no coincidence that she was the only person laid off in her area. Her husband, William von Raab, is the former commissioner of customs, who began investigating BCCI's ties to money laundering in Florida.

Then there's the case of Eugene S. Casey Jr., who was a director of First American during the takeover battle waged in the early 1980s by Middle Eastern investors. At a board meeting, Casey dared to oppose Altman on the takeover price. Several of those who were present said Altman looked sharply at Casey. The next year, Casey was off the board.

Another high-level employee who left the bank said of Altman: "He was going to tell us what to do and we were going to do it. If we didn't like it, we could leave."

Altman, who has always spoken of Clifford in reverential tones and copied some of his mannerisms, has this year bordered on rudeness toward Clifford at times, snapping impatiently at him when he doesn't follow something, said sources close to them. Some said Clifford has come to rely greatly on Altman, filibustering in meetings when Altman is late and depending on him for interpretations of budgets and reports involving numbers.

Said one former employee: "Altman wanted everyone to know that he was the president of [First American] Bankshares. You made no major decisions without consulting him."

"Altman has been running the bank," said one high-level officer. "He was totally in control."

Some question whether Altman's control and knowledge went beyond Clifford's.

"Most absurd," said Altman in an interview several months ago. "There was no action that he [Clifford] didn't know about. . . . He was briefed in detail."

"I would be the main man in charge of the top strategic decisions," Clifford said in a separate conversation. "Altman gave a great deal of time to the bank. I needed assistance and Bob Altman provided me with that assistance. . . . We have such a close working relationship. Each kept the other fully informed as to what he was do-

ing . . . so I wouldn't be surprised and he wouldn't be surprised," he said.

With Altman declining interviews recently and many friends and associates reticent about discussing him, it is not easy to determine how he is weathering the storm.

In the past several months, Altman has virtually abandoned his role at the bank, closeting himself in his law offices across Lafayette Park from the White House to prepare for his defense in various investigations involving the bank, sources said. But this week, with new allegations of BCCI wrongdoing, Altman suddenly took up his position at First American again, according to bank insiders.

"It's as if he has a new lease on life," said one source at the bank. "He's almost happy. It's as if the fact that the accountants, feds and others were duped adds credibility to their story."

Most observers of the First American-BCCI drama believe one of two basic scenarios will be played out. Either Altman was deceived, as he says, or he was part of the deception. Either this tough, incisive, some say brilliant, lawyer, remained ignorant of BCCI's influence, which seem now to have been threaded through most of the bank's major events, or he knew all along, this reasoning goes.

New York lawyer Samuel P. Sporn, who has taken depositions from Altman in a legal case involving the bank, says, "In addition to being lawyers, they were directors and officers. . . . They were running the show. They knew or should have known."

One source who has worked with and knows Altman and Clifford well takes a different view. "Both have an unbelievable capacity, which also exists in politicians, of adopting a view of the facts that are internally inconsistent," he said. "But it's convenient for them to the point where they come to believe it. . . . The world has let [Altman] do things other people would be held accountable for."

But Clifford and Altman say they were the ones who were misled. And one thing that virtually everyone who knows Altman agrees on is his tenacity and his faith in his own ability to win. He is, they say, the kind of lawyer you would want in a case where all the evidence is against you.

As for his own fight at First American, "he will never give up," said one source. "He will fight to the end unless he's forced out by the regulators or Clifford decides to step aside."

In a conversation this spring, Altman was upbeat. "I think it's going to be a surprise—the end of all this," he said. "Things are not always what they seem."

A Hotter-Than-Summer Scandal

Each day brings more disturbing revelations about the great BCCI scandal, and each day the evidence increasingly points toward one conclusion: that the United States government knew about this vast illegal conspiracy and chose to do nothing about it.

No longer can there be any question about what government officials knew and when they knew it: Clearly, they knew lots and knew it for a long time.

The latest link in this lengthening chain came Wednesday with the admission that the CIA has known about criminal activities by the Bank of Credit and Commerce International for at least five years.

As Sen. John F. Kerry (D-Mass.) told reporters: "In 1986, the CIA knew that BCCI was a criminal enterprise and owned the First American bank, and told a number of other government agencies. There is no evidence on record that any of these agencies told the Federal Reserve what they knew, nor is there any evidence of federal law enforcement taking any action."

Kerry then posed the critical question: "Yet despite the fact that a number of agencies were told about the secret ownership of First American by BCCI, apparently no one did anything about it. The question is, why?"

That question embraces much more than complex worldwide operations of BCCI, the "bank of crooks and criminals." It goes to the heart of other secret activities about which high government officials claimed no knowledge—and lied to keep that knowledge from being known publicly.

Millions of dollars for secret Iran-contra arms shipments are reported to have flowed through BCCI, for instance. So did untold millions in drug money laundered by Panamanian dictator Manuel Antonio Noriega's operatives, some of whom are in jail today. For years, Noriega used BCCI as his personal bank to launder proceeds from narcotics trafficking.

That connection between Noriega, drugs, arms, Iran-contra and U.S. intelligence agencies is now fully documented. So is the link between the CIA and the illegal military assistance to U.S.-backed contra forces in Nicaragua.

Thanks to the recent court acknowledgement by CIA official Alan D. Fiers, the public now knows that top CIA officials were deeply involved in those operations. Fiers also has stated that, contrary to previous official denials, his superiors knew that proceeds from

secret U.S. shipments to Iran were being diverted to assist the contras. Thus, the contra resupply operation led by former White House aide Oliver L. North was not, as claimed by Reagan administration officials, a rogue operation or an off-the-shelf operation disconnected from the CIA. They were directly connected—and apparently connected to the operations of BCCI.

There are allegations, not yet proved, that the CIA used BCCI as a channel to fund some covert operations. On top of that comes the disclosure that the CIA not only knew that BCCI was a "criminal enterprise" but shared that information with other government agencies.

So, again, the key question: Why wasn't anything done about it?

Here, the Noriega case is instructive. As early as 1978, an agent of the U.S. Drug Enforcement Administration was reporting information to superiors that directly linked Noriega and illegal narcotics trafficking. In 1983, the commanding general of the U.S. Southern Command based in Panama, Gen. Paul Gorman, ordered an investigation into Noriega's "connections and activities." As a result, the general raised questions about Noriega's possible involvement in laundering of drug money with U.S. Embassy officials there. In effect, they told him not to worry about Noriega, that "things are okay," he later testified.

High U.S. officials also knew about Noriega's criminal activities—and looked the other way. A senior staff member of the National Security Council during the Reagan administration in the early 1980s, Norman Bailey, testified three years ago before the House Select Committee on Narcotics Abuse and Control:

"Clear and incontrovertible evidence was, at best, ignored and, at worst, hidden, and denied by many government agencies and departments of the government of the United States in such a way as to provide cover and protection for [Noriega's] activities, while, at the same time, assuring that they did the maximum damage to those very interests that the officials involved were sworn to uphold and defend."

The reason? Noriega was a means to an end. Whatever means were necessary to accomplish U.S. intelligence goals were acceptable.

The same can be said about BCCI. This is no summer sizzler of a scandal in Washington, a convenient story to fill a no-news void. This is the real thing, and it is certain to grow worse.