

Guilty Plea in Iraq Loans Case Challenged

BNL Defendant Asserts Bush Administration Concealed Evidence of Others' Involvement

By R. Jeffrey Smith
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ATLANTA, Sept. 17—Attorneys for a banker who has admitted illicitly funding Iraqi weapons purchases before the Persian Gulf War sought today to withdraw his guilty plea on grounds the Bush administration hid evidence of involvement by more senior bank officials.

U.S. District Judge Marvin H. Shoop, who has criticized the way the administration handled its investigation of the Atlanta branch of Italy's Banca Nazionale del Lavoro (BNL), said he would announce Tuesday whether to accept a new plea of not guilty and order the potentially sensitive case to trial.

Shoop said he was unlikely to allow the guilty plea to be withdrawn but made clear that he will give serious consideration to the charge leveled by attorneys for banker Christopher P. Drogoul that Drogoul, who managed BNL's Atlanta branch, was misled into admitting guilt in June on 60 counts of fraud and tax evasion.

Assistant U.S. Attorney Gale McKenzie said the government was "inclined to oppose" the motion introduced today by Drogoul's courtroom attorney, Bobby Lee Cook,

and would provide a detailed reply on Monday.

The senior U.S. attorney in the case, Gerrilyn Brill, explained to reporters later that the government believes the question of possible involvement by other bank officials is irrelevant to Drogoul's guilt.

The shift in Drogoul's strategy came on the fourth day of hearings that Shoop ordered while deliberating on Drogoul's sentence. Both the government and Drogoul have used the hearings to debate the Bush administration's policy toward Iraq before and after the 1991 Persian Gulf War.

The case has attracted considerable interest because of Drogoul's claim—improved so far—that the illicit loans to Iraq were known to and tolerated by the administration as part of an extensive effort to win favor in Baghdad.

Drogoul's current attorneys, hired after Drogoul fired the public defenders who negotiated the guilty plea, have also charged that the administration improperly decided to make Drogoul the scapegoat in the illicit loans scheme and let other, more powerful participants off the hook.

Citing news accounts and declassified government documents, Cook

has claimed, for example, that Washington officials knew of complicity by senior Iraqi officials and senior BNL officers at the bank's headquarters in Rome, but decided not to prosecute them for fear of angering Baghdad and embarrassing the Italian politicians who appointed BNL's board members.

In arguing for withdrawal of Drogoul's guilty plea, Cook cited a statement Monday by House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) about a CIA report which showed the agency had received information indicating senior BNL officials may have authorized

the illicit loans. He suggested Drogoul would not have pleaded guilty had he known about the report.

In testimony earlier this week, Cook elicited an acknowledgment from government investigators that the Justice Department barred their request to visit Italy and Turkey to inspect BNL files or interview potential witnesses.

Today, during questioning by Cook about an allegation that BNL officials shredded documents at the Atlanta branch following a 1989 FBI raid there, Arthur J. Wade Jr., the chief investigator, said the government waited until this week to ask participants in the raid whether they had observed such shredding. They did not, Wade said.

Cook also sought to establish whether an officer of a Vienna, Va., firm, RD&D International—that was said to have maintained close relations with BNL and

the U.S. intelligence community between 1986 and 1989, an allegation made by Drogoul and by a former BNL official who has cooperated with the government.

Wade confirmed that the RD&D officer, identified by Cook as Dale Toler, told investigators that at Iraq's suggestion he approached BNL's Atlanta branch to obtain financing for the sale of various machine tools to Iraq. When Cook asked Wade to confirm that Toler was a former employee of the National Security Agency, however, McKenzie intervened to block his reply on grounds that it was covered by restrictions against openly identifying intelligence community employees.

Wade said that Toler "did not know of any of the unauthorized activities of BNL-Atlanta."

Toler could not be reached for comment.