

Gonzalez's Interpretation Of CIA Data Questioned

By R. Jeffrey Smith
Washington Post Staff Writer

ATLANTA, Sept. 24—A federal judge today cast doubt on assertions by the chairman of the House Banking Committee that certain classified documents proved the Bush administration had suppressed politically sensitive intelligence relating to illicit financing of Iraqi arms purchases before the Persian Gulf War.

District Judge Marvin H. Shoob, who is presiding over court hearings related to the illicit commercial bank loans to Iraq for arms purchases, said of the allegation by Rep. Henry B. Gonzalez (D-Tex.) that "I'm not sure that's a correct reading" of the CIA reports in question.

In what a government lawyer described as an effort to discredit Gonzalez's claim, the U.S. Attorney's office here arranged for Shoob to

review a copy of the 1991 CIA report that Gonzalez cited in making his charge, as well as the raw intelligence cables used by CIA analysts to prepare the summary report.

The documents concern whether officials at the Rome headquarters of Banca Nazionale del Lavoro (BNL) approved of more than \$5 billion in illicit loans to Iraq by its Atlanta branch during the late 1980s. BNL officers in Rome are appointed by the Italian government, making any U.S. evidence that the officers were aware of the loans potentially disruptive to U.S.-Italian relations.

U.S. prosecutors, pursuing a theory that Shoob has said he considers difficult to believe, have maintained for three years that the loans were not approved by Rome but solely orchestrated by the manager of BNL's Atlanta branch, Christopher Drogoul. The prosecutors are asking

Shoob to impose a long prison sentence for Drogoul, who has pleaded guilty to 60 counts of fraud and tax evasion.

Gonzalez, who with aides has spent several years investigating the BNL case and other aspects of U.S.-Iraqi relations before the Gulf war, said last week that the CIA report undermined the government's claim that Drogoul acted alone. The report states that in early 1991, a few months after Drogoul's indictment, the CIA received information from a usually reliable source in Italy that BNL officials in Rome had authorized the illicit loans by the Atlanta branch.

Gonzalez accused the Bush administration of withholding this information under pressure from the Italian government, which had asked the U.S. ambassador to Italy to help limit political damage from the scandal, according to other classified documents Gonzalez released last week.

Shoob said Gonzalez had quoted accurately from an "analytical comment" in the report, but the judge added, "If you read the report in its entirety, I'm not sure that's a correct analysis."