

# House Democrats Seek Independent

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The House Judiciary Committee's Democratic majority demanded yesterday that Attorney General William P. Barr seek appointment of an independent counsel to investigate the government's handling of a bank scandal involving billions of dollars in loans to Iraq.

The chairman of the Senate Judiciary Committee said he agreed with the House action and expects to submit a similar request to Barr early next week.

The House action triggers provisions of the independent counsel law, requiring Barr to reconsider his refusal in August to appoint a special prosecutor and report back to Congress in 30 days.

Congressional criticism of the Justice Department's investigation and prosecution of the fraud involving the Atlanta branch of Italy's

Banca Nazionale del Lavoro has surged in the past two weeks with new disclosures showing that the nation's top law enforcement and intelligence agencies withheld information from each other and from federal prosecutors in Atlanta who handled the BNL case.

Democrats on the House Judiciary Committee asked Barr in July to seek appointment of an independent counsel to determine whether U.S. officials committed any crimes in aiding Iraq before the Persian Gulf War or in the course of the BNL investigation. BNL's Atlanta branch was Baghdad's principal source of credit in the United States during Iraq's grueling war with Iran.

In a response that lawmakers recalled critically yesterday, Barr wrote the committee Aug. 10 that there was "not a shred of evidence that any [Justice] Department employee acted improperly" and no

reason for an independent counsel to investigate possible crimes by other officials.

It "is now evident," the House Democrats said in their letter to Barr, "that misleading and incorrect information was provided to a federal judge and local prosecutors in the BNL case. CIA officials have asserted that this was done with the knowledge—and at the urging—of high-ranking Justice Department officials."

The CIA has admitted that a letter it sent last month to U.S. District Judge Marvin Shoob, who has presided over the BNL case, was misleading because it suggested the agency had no intelligence beyond public press reports on whether BNL officials in Rome had approved any of the loans to Iraq from the Atlanta branch. The Senate intelligence committee this month obtained several classified CIA cables from 1989 and 1990 indicating

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Rome's approval of some of the transactions, far in excess of the amounts reported to the Federal Reserve.

The letter to Barr pointed out that CIA officials have accused Justice Department officials of discouraging the agency from trying to correct the September letter soon after it was issued. The Justice Department, "for its part, denies the accusations and blames the CIA, thus creating the unseemly specter of disavowals and dissension between two Executive Branch agencies as to which is potentially criminally liable," the letter said.

One leading critic of the BNL prosecution, Rep. Charles E. Schumer (D-N.Y.), said appointment of an independent counsel is the logical next step, but warned that a full-scale congressional investigation is likely if Barr refuses again.

Senate Judiciary Committee Chairman Joseph R. Biden Jr. (D-Del.) said he also thinks appointment of an independent counsel is necessary, becoming the second Senate chairman to say so, following a statement Wednesday by intelligence committee Chairman David L. Boren (D-Okla.). The recent disclosures, Biden said, raise the question of whether U.S. officials obstructed justice "to avoid revealing the extent of BNL-Rome's knowledge of illegal loan activity."

Deputy Attorney General George J. Terwilliger III suggested in Atlanta that Democrats were trying to exploit the situation for partisan purposes at the expense of career prosecutors. In Washington, Justice Department spokesman Paul McNulty said that "if we find the independent counsel statute applies, we will follow the law."



**WILLIAM P. BARR**

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