

Jim Hoagland

On the Trail of the Iraq Coverup

The Iraq Coverup is unraveling with stunning speed as the Bush administration dissolves into warring clans more worried about staying out of jail than promoting the reelection of President Bush.

The surprise call yesterday by Sen. David L. Boren for an independent counsel to investigate potential government wrongdoing in the Iraq scandal is a clear sign of how rapidly—and in what direction—things are moving. As recently as Tuesday afternoon, the influential Oklahoma Democrat was still undecided as to whether seeking a special prosecutor was a good idea.

For one thing, he wanted to give FBI Director William S. Sessions a chance to make good on his pledge that the bureau would conduct an independent and thorough investigation of the possibility that the Justice Department was managing a cover-up on Iraq. For another, Boren's innate caution inclined him to wait until after Nov. 3 to make any announcement, so he could not be accused of partisan meddling in a presidential election.

But the disclosure late Tuesday that Justice has begun a criminal investigation of Sessions on tax matters shattered Boren's determination to wait. "That just seems too coincidental," Boren told me in a telephone interview from Tulsa last night in explaining his change of heart.

He is right. It is hard to see how an FBI director being investigated by the Criminal Division at

Justice can be expected to investigate that same division.

The infighting on the Iraq Coverup marks the *fin de regime* for the Bush presidency. This administration is not simply living out its final unhappy days in power. This is a total collapse, in which officials flee to escape being buried in the wreckage.

The Iraq scandal crosses so many geographic and bureaucratic frontiers that there will not be a single unraveler like Judge John J. Sirica of Watergate fame. But Atlanta federal Judge Marvin H. Shoob and Boren have combined to stop the Justice Department from pinning the rap for a broad international conspiracy on the Atlanta branch manager of the Banca Nazionale del Lavoro.

Boren, the chairman of the Senate Intelligence Committee, has been brought into the case by his oversight role over the CIA, which Boren portrays as having been set up as a patsy by the Justice Department.

Boren's natural instinct is to protect the reputation of an agency he has helped reform with internal checks on abuses of power. But he seems angry enough about agency bungling, and skeptical enough about CIA chief Robert M. Gates's performance, to let the chips fall where they may. But Justice is in his sights now.

Gates remains strangely detached from the Iraq scandal. He was, in a famous phrase, out of the loop

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as Justice and CIA officials discussed deceiving the public and the Atlanta prosecutors about the existence of CIA cables on BNL. He did not know about the discussion or the misleading letters it produced, which Justice and CIA blame on each other.

So Gates said in response to a letter from Boren this month demanding to know what the devil was going on. As the scandal mushroomed last week, Gates left Washington on a trip to Eastern Europe, where Boren tracked him down by phone to demand that the CIA director begin paying attention to an affair that can damage the agency's credibility.

Boren's staff will be taking sworn depositions over the next three weeks as he pursues his request for an independent counsel. Here are questions that Boren's staff and an independent counsel should concentrate on:

(1) As early as September 1989, the CIA station chief in Rome cabled to Washington detailed allegations about the BNL's Rome headquarters knowledge of Atlanta's fraudulent loans to Iraq. Did the FBI office in the Rome embassy not know the same information and transmit it to Justice and Treasury?

(2) Why was that September cable withheld from Boren until a few days ago? "It is disturbing that the earliest cables, and the ones that contain the best description of what was happening, are the ones we get last," says one congressional source.

(3) Were bank regulators told from 1987 until 1989 to turn a blind eye to BNL's obviously irregular borrowing and lending habits because BNL's operations were a "national security" operation, perhaps involving the CIA?

(4) Why have the CIA and U.S. law agencies been so relaxed about finding Safa Habobi, a key Iraqi go-between indicted in the BNL case? A fugitive from American law, Habobi has been traveling between Baghdad and Tunis to reestablish an Iraqi arms purchasing network. If U.S. authorities are interested in finding Habobi, let me give them a tip: He is in Amman Surgical Hospital, Room 203, recuperating from a Sept. 26 auto accident.

(5) Finally, a future Sirica has to turn this case on its head. Discount the theory that Justice, State and CIA are merely trying to spare embarrassment to the Italian government, which owns BNL. It is more likely that American officials induced, or conspired with, Italy to use the Atlanta branch to funnel loans to Iraq, at a time when the policy of the Reagan and Bush administrations was to help Iraq arm itself to fight Iran.

The United States did not arm Iraq. Washington got others to do that, in different and covert ways that turned into disaster. That is where the heart of this scandal lies.