

BCCI Stigma Lingers At District Bank Firm

Company Still Lacks President, Trustee

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By Sharon Walsh
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When Clark M. Clifford and Robert A. Altman resigned nearly a month ago as the top officers of First American Bankshares Inc., another official at the bank said it was time "to put some distance between us and the snarl surrounding BCCI."

Regulators and bank officials agreed that the right man was picked to lead the bank out of the regulatory thicket in which it had become ensnared: Nicholas Katzenbach, 69, former attorney general in the Johnson administration, who was named First American's chairman.

The strategy, however, hasn't worked quite as well as top bank officials had hoped.

Clifford and Altman's identification with the bank remains front and center. They are scheduled, for example, to testify today before the House Banking Committee about what they knew about the relationship between BCCI—the Bank of Credit and Commerce International—and First American.

Meanwhile, Katzenbach has been slow to act on several key issues many experts view as necessary to distance First American from BCCI.

Clifford's replacement has not been much in evidence at the bank, according to sources. The bank still is without a trustee to run the trust

that holds the bank's stock. A new banker to run its day-to-day operations has not been named. And many First American customers still have what they feel are unanswered questions about the bank and its connections to BCCI, the Luxembourg-based bank charged with secretly owning First American.

"It certainly hurt the bank to have First American appear in the same stories with BCCI," said Katzenbach, reached recently by telephone in New Jersey where he lives and practices law.

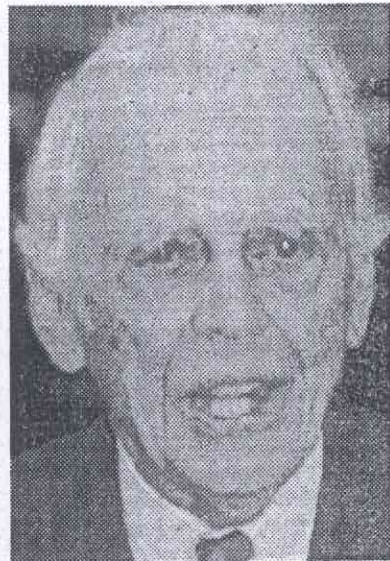
Katzenbach conceded that he still does not know much about First American's affairs. He spent the first two weeks as chairman of the bank on a previously arranged vacation in Martha's Vineyard. Since then, he has been in Washington one or two days a week, he said.

"I'm not trying to run the bank," said Katzenbach. "I'm trying to learn about it."

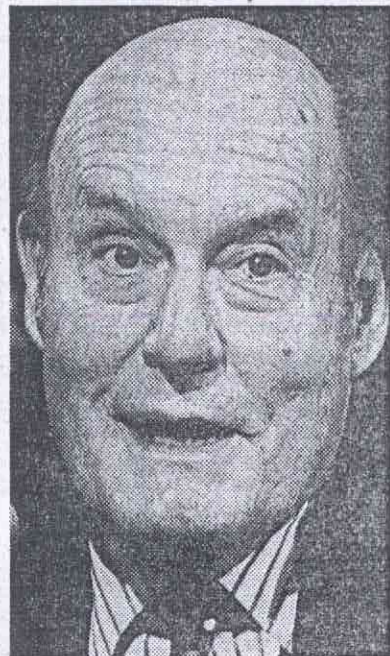
The bank's structure has been something of a puzzle to Katzenbach. "I never saw so many holding companies," he said with a laugh. "I never know what bank or holding company I'm talking to."

Katzenbach said he hopes to appoint a trustee soon for the trust that was established at the time of Clifford and Altman's resignation to hold the stock of Commerce and

See **FIRST AMERICAN**, C5, Col. 1



CLARK M. CLIFFORD
... identification still strong



NICHOLAS KATZENBACH
... "trying to learn about" bank

BCCI Stigma Lingers at First American

FIRST AMERICAN, From C1

Credit American Holdings. CCAH is the ultimate holding company for First American, but it is still unclear exactly who owns all the shares of CCAH.

Many of the named shareholders, Middle Eastern business executives or members of the ruling families in the United Arab Emirates, are fronts for BCCI, according to the Federal Reserve. The trust would make it easier for First American to be sold to another bank, officials and regulators believe.

Katzenbach said he has put the appointment of a trustee and a chief executive of the bank to take Altman's place on "as fast a track as I can put them on."

Asked when the trustee might be named, Katzenbach replied: "Who knows? It might be Monday or Tuesday, but I don't know which month."

In the meantime, he said, Jack W. Beddow, chief executive officer, and

Paul G. Adams, chief operating officer, have been running the bank. It is likely that when a banker is named, Beddow, who has been with First American for more than 20 years, will retire, according to bank sources.

Katzenbach said he had not been touch with Clifford since his appointment, although the two are friends and worked together in the Johnson administration. "I wish him well," he said, but added that he had chosen not to be briefed on the bank by Clifford, who suggested Katzenbach as a candidate for the chairmanship.

While Katzenbach has not yet found a trustee or a bank president to run First American, one change has been made. Frank Mankiewicz, vice president of Hill & Knowlton, no longer handles First American's public relations. At the beginning of September, the bank replaced Hill & Knowlton with Ketchum Communications.

The change was made because of the conflicting interests of Clifford and the bank. Mankiewicz said recently that he still represents Clifford "informally." Most questions concerning Clifford and Altman and the investigations involving their knowledge of BCCI are now answered by attorneys for the two men.

Ketchum officials declined to talk about what they are doing, saying that they had been instructed by First American to refer all questions to the bank.

Some of First American's customers have expressed concerns about the connection between BCCI and the bank, but Iris Wordsworth, a bank spokeswoman, said the BCCI issue is a technical, stock ownership question and that First American has handled concerns by talking with customers about the safety and soundness of the bank.

"I don't think we've stuck our heads in the sand," she said.