

BCCI drug laundering bank bust snares top Democrats

by Jeffrey Steinberg

On Oct. 11, an international law enforcement task force, led by the U.S. Customs Service, scored the biggest victory against narcotics money laundering yet. A federal grand jury in Tampa, Florida handed down indictments against 84 individuals, charging that the Luxembourg-registered Bank of Credit and Commerce International was laundering money for the Medellín Cartel, Colombia's notorious drug ring. For the first time ever, a major international financial institution, as well as some of its senior officials, was criminally indicted for its part in a global dirty money-washing scheme.

Even as the indictments were being unsealed, teams of law enforcement officers were rounding up indictees in London, Paris, and Florida. Speaking at a press conference on Oct. 11, U.S. Customs Service director William Von Raab, who led the investigation, served notice on the international banking community that they would be held accountable for the actions of their major depositors.

Identifying money laundering as the "logistical" pivot of the international dope trade, Von Raab vowed to shut down the cash pipeline by focusing efforts against the big international banks, rather than the "punks" who handle the illicit drugs on the streets. Echoing the 1978 bestselling book *Dope, Inc.*, Von Raab proposed that the cash connection is the chokepoint for the entire global drug production/distribution cycle.

Operation C-Chase, the code-name of the two-year undercover probe of the Medellín Cartel's money-laundering structure, according to U.S. Customs sources, involved at least 45 undercover agents, backed up by a support staff of 600 law enforcement personnel. Sophisticated communications gear was used to maintain the secrecy of the operation. Funds were traced from street sales in New York City, Detroit, Miami, and other U.S. cities to a BCCI branch in Miami, where the funds were transferred to BCCI overseas branches in Nassau, Panama, London, and Paris.

Ultimately, the cash was passed through branches in Uruguay back into Colombia into accounts controlled by the Medellín Cartel. According to the indictment, officials of BCCI approached the undercover agents posing as money launderers, to propose more efficient and timely means for washing the street cash and recycling it back to Medellín. Among the techniques offered by bank officials was the purchase of bank stock certificates, which could then be trans-

ferred into other accounts. The stock purchases and transfers enabled the cocaine dealers to avoid U.S. Treasury regulations that require banks to submit written records of all cash transactions over \$10,000.

Clifford, Lance, and BCCI

While BCCI, the seventh largest privately held bank in the world, is formally owned by a group of Arab investors from Saudi Arabia, Abu Dhabi, Oman, Kuwait, and Dubai, the control over the bank's operations has been traced by *EIR* investigators to an America- and Britain-based cabal of financiers and attorneys, including several prominent national figures in the Democratic Party.

Most prominent among the Democrats is Clark Clifford, the Lyndon Johnson-era defense secretary who personally intervened early this summer to secure Michael Dukakis's nomination as the Democratic Party's presidential candidate by dashing efforts to hold a brokered convention at which New York Governor Mario Cuomo, or U.S. Senators Bill Bradley or Sam Nunn might secure the nomination. Clifford's now famous "insiders' chat" with Rev. Jesse Jackson at that time, in which the liberal establishment enforcer politely told Jackson that he would never be allowed to win the Democratic nomination, heralded a string of Dukakis primary "victories." Back in 1968, Clifford and his law partner, Paul Warnke, had delivered a "pink slip" to President Lyndon Johnson which prompted LBJ to withdraw his name from nomination for reelection.

Also deeply implicated in the BCCI scandal is Bert Lance, Jimmy Carter's financial Svengali, who briefly served as the head of the Office of Management and Budget. Lance left his Carter administration post because of his shady involvement in the BCCI's first major move into the United States, an event that to this day remains one of the most curious features of the Billygate affair. At that time, Gaith Pharaon, an early investor in BCCI, and the son of a former top adviser to Saudi Arabian King Khalid, helped bail Lance out of a sticky financial mess by buying out the National Bank of Georgia. Pharaon's bailout of Lance and another Jimmy Carter intimate, Annapolis classmate Jackson Stephens, came at the behest of Agha Hassam Abedi, the founder and chairman of BCCI.

Anxious to free himself up to assume a top post in the incoming Carter administration, Lance urged Pharaon, Abe-

di, and company to further BCCI's move into the U.S. banking community by purchasing National Bank of Georgia's parent company, Finance General Bankshares, Inc. (FGBI).

As much an intelligence community "proprietary" as a traditional financial institution, FGBI was at the time controlled by a little-known Washington-based bank with offices directly across Pennsylvania Avenue from the Old Executive Office Building and the White House. That bank, the International Bank, was chaired by retired Lt. Gen. George Olmstead, reportedly a longtime adviser to Chiang Kai-shek and Rafael Trujillo.

In early February 1978, General Olmstead sold off 15-20% of the stock in FGBI to a Washington-based attorney, Eugene Metzger of the law firm Metzger, Shadyac, and Schwartz. At the time of the stock purchase, Metzger's partner, Richard Shadyac, was a registered agent of the Libyan government. Besides officially representing the Qaddafi government in the United States, the firm represented the Arab-American Dialogue Committee, a U.S.-based organization that received \$300,000 a year from the Libyans. The Metzger law firm was allegedly one of the early channels of contact between Qaddafi and Billy Carter, the President's brother.

Among the other purchasers of FGBI stock during the transition from Olmstead control were: aging Bolshevik Armand Hammer of Occidental Petroleum, another Qaddafi pal who would be implicated in another Carter-Libya scandal around the Charter Oil Company; former Secretary of the Navy William Middendorf; Jeremiah Milbank, senior partner in the Wall Street law firm of Milbank, Tweed, Hadley and McCloy; and Jackson Stephens.

Even during this transition, Lance, according to court records, was working behind the scenes to smooth the takeover of FGBI by the BCCI. Prominent BCCI shareholders began purchasing stocks in Finance General Bankshares on the open market in apparent violation of SEC rules. In July 1979, Lance was indicted for fraud, partially stemming from his role in the BCCI takeover effort, which coincided with his tenure at the OMB. Lance hired Democratic Party fixer Clark Clifford as his attorney.

Not only did Lance beat the charges. In 1982, the U.S. Controller of the Currency gave the final nod to BCCI's takeover of Finance General Bankshares. The four owners of FGBI, by now renamed First American Bankshares, Inc., were all founding investors in BCCI: Kamal Adham, former head of Saudi Arabian intelligence; Abdullah Darwaish, director of the Abu Dhabi Investment Bank and financial representative of the Abu Dhabi royal family; Faisal al Fulajj, director of the Kuwait International Finance Company and former director of Kuwaiti Airlines; and Gaith Pharaon.

Immediately after the takeover was approved, the BCCI team appointed Clark Clifford chairman of the board of FABI, and hired Clifford and Warnke as the firm representing the company. The vice chairman, likely handpicked by Clifford, was Stuart Symington, the former U.S. senator from Mis-

souri and another Democratic Party insider. Another Clifford law partner and top Democratic Party fundraiser, Robert Altman, also joined the board, along with retired Gen. James Gavin, chairman of Arthur D. Little, a think tank in Boston.

Long a "brain trust" for liberal Democrats, A.D. Little had become involved back in 1968 in an arms-smuggling operation called Space Research. Originally financed and controlled by the Canadian branch of the notorious Bronfman family, Space Research was reorganized in 1980 and placed in the hands of an Egyptian arms trafficker, Saad Gabr, with the financial support of BCCI's Abedi.

The White Weld-Lonrho angle

The history of the BCCI since its founding in 1972 suggests that the international financial institution was founded for the express purpose of placing the billions of petrodollars that would shortly flood the world markets with the meteoric rise in oil prices. Thus, from the outset, top financial advisers to the royal houses of Saudi Arabia, Abu Dhabi, Oman, Dubai, and Kuwait were BCCI principals. In virtually every case, these Gulf Arab financiers deferred in their investment decisions to the Boston-London based investment house of White Weld. By no later than 1975, under the guidance of White Weld's international investments director David Mulford, the firm had secured control over the petrodollar portfolios of the royal households of most of the Gulf States.

It was under White Weld's advice that billions of dollars were invested in BCCI. During the same period, similar big investments of Gulf petrodollars were flowing into the London-based Lonrho, Ltd.—a British intelligence dominated firm active in every corner of Africa. Lonrho, currently chaired by Tiny Rowland, has been implicated in the recent assassination of Mozambique resistance leader Ivo Fernandez, and has provided special warfare training to the security forces of many African Marxist states, while professing to back Britain's conservative Prime Minister Margaret Thatcher. Rowland has also been linked to arms supplies to Iran's Khomeini regime.

The suspicious role of White Weld in the emergence of BCCI as a world-class financial institution with branches in over 70 countries and officially reported assets of over \$20 billion, revives questions about former U.S. Justice Department official William Weld, scion of the Weld family. While U.S. Attorney in Boston in February 1985, Weld negotiated the coverup of what at the time threatened to be the biggest case of major bank involvement in drug money laundering, the Bank of Boston case. When Treasury Department auditors caught Bank of Boston evading the cash transaction laws to the tune of \$1.2 billion in unreported overseas cash transfers, Weld buried the case and let all the bank officials off the hook with a one-count plea bargain and a token \$500,000 fine. Though a Reagan appointee, Weld has been discovered to have been a longstanding "mole" for the same Democratic Party liberal interests that got Mike Dukakis nominated.