

BCCI plea bargain a shameful coverup

by Jeffrey Steinberg and Scott Thompson

After months of hypocritical tough talk from the Department of Justice, media headline grabbing, and televised congressional hearings, the Bush administration, true to form, has quietly cut a plea bargain agreement with the Bank of Credit and Commerce International (BCCI) that will in effect continue the coverup of the international drug-money launderers who dominate the American banking industry. The deal was struck just before the Christmas holidays and hardly drew any media coverage.

On Dec. 19, newly installed Attorney General William P. Barr and Manhattan District Attorney Robert Morgenthau held simultaneous press conferences in Washington, D.C. and New York to announce that BCCI Holdings SA had signed a plea agreement with federal prosecutors that would avert a criminal trial on the recent indictments against what *Time* magazine had dubbed "the world's sleaziest bank."

As part of the deal, BCCI agreed to forfeit \$550 million seized by the Federal Reserve and the Federal Deposit Insurance Corp. (FDIC) last July after the Bank of England initiated worldwide actions against BCCI.

On July 5, 1991, bank regulators in a dozen countries moved to shut down BCCI's operations on the basis of recent audits that showed that over \$11 billion in bank assets were missing. Following that initial shutdown move, stories appeared in the United States and world press accusing the bank of drug-money laundering, financing of international terrorism, and funding of shady intelligence activities. While the news coverage created the impression that the BCCI involvement in dope trafficking and shady intelligence operations had been just recently unearthed, the truth is that BCCI's role in the international underworld had been known for over a decade and had been the subject of a series of exposés in *EIR* dating back to 1979. U.S. government documents made public over the past six months show that by no later than 1984, the CIA was referring to BCCI as the "bank of crooks and criminals international." Nevertheless, the CIA made frequent use of BCCI's offshore money-washing services, according to some of those same documents.

Since the initial moves last July, bank auditors have discovered that only \$1.5 billion in bank assets out of a total of \$22 billion in BCCI holdings can be accounted for. The prospect of over \$20 billion having disappeared in the BCCI shakeout underscores the magnitude of the Bush Justice Department coverup of the BCCI scandal.

A full-scale trial of BCCI would have given the American

public a bird's-eye view of the extent to which the major international financial institutions have been taken over by organized crime and turned into little more than laundromats for the trillions of dollars in illegal money dominating the Anglo-American sector of the world economy.

Back in October 1988, when a federal grand jury in Tampa, Florida handed down the first criminal indictments against BCCI on charges of laundering \$32 million in Medellín Cartel dope profits, 41 other U.S.-based banks had been subpoenaed to turn over records detailing their involvement in the same cash laundering. At the time, U.S. Customs Commissioner William Von Raab had promised that the BCCI indictments were just the beginning of a government crackdown against "see no evil" bankers.

Among the banks targeted at the time of the Tampa case were some of the major British and Israeli banks, as well as banks tied to top officials of the organized crime-tainted Anti-Defamation League. Among the banks that have been so linked to the BCCI apparatus and that would have been exposed during a lengthy public trial are the Bank of Nova Scotia, the Hongkong and Shanghai Banking Corp., Bank Leumi, Bank Hapoalim, Israel Discount Bank, City National Bank of Florida, and Republic National Bank.

It is no coincidence that BCCI has been linked to this particular collection of international banks and financial institutions. According to well-placed Wall Street sources, BCCI Holdings SA, the Luxembourg-based holding company of the BCCI banking octopus, is chaired by Alfred Hartmann, a senior official of the Rothschild banking empire. Hartmann was the president of the Swiss subsidiary of BCCI and is a top executive of Rothschild Continuation of Zug, Switzerland and Rothschild Bank in Zurich, Switzerland. He was also the chairman of the Swiss subsidiary of the Banco Nazionale del Lavoro (BNL).

The second round of BCCI coverups

The deal announced on Dec. 19 was the second flagrant coverup by the Bush administration of the BCCI role in drug-money laundering and other crimes. After the October 1988 Tampa indictments, federal prosecutors—with strong encouragement from the Federal Reserve Board—had cut an equally sweet deal with the bank that permitted the Florida branch to remain open, and foreclosed any new prosecutions of it. As *EIR* has reported recently, Kissinger Associates played an important behind-the-scenes role in working out that original plea agreement coverup, according to internal BCCI documents and the personal correspondence of former BCCI attorney Clark Clifford.

Thus, while federal prosecutors will no doubt claim that the seizure of \$550 million in assets of BCCI proves that the Bush administration is "cracking down" on dope money launderers, in fact those funds were probably a small percentage of the profits garnered since 1988 just by virtue of BCCI Tampa's continuing operations.