

BCCI: The truth, but nowhere near the whole truth, comes out

by Jeffrey Steinberg

In December 1982, the editors of *Investigative Leads*, the counterintelligence newsletter published by *EIR*, circulated a series of memoranda to every U.S. government law enforcement and intelligence agency detailing the involvement of the Bank of Credit and Commerce International in international dope and weapons trafficking, terrorism, and rogue covert operations. The memoranda catalogued BCCI's takeover of the Washington, D.C.-area First American Bank Corp. (formerly Financial General Bankshares), underscored its role in the burgeoning Golden Crescent heroin trade in the Middle East, and detailed the role of the bank's founder, Aga Hassan Abedi, in sponsoring Muslim Brotherhood activities throughout the Arab world and in Africa.

BCCI was linked in the memos to Israeli intelligence and organized crime elements via the bank's drug-money laundering, and even the efforts of Pakistan to obtain the "Islamic [atomic] bomb" with the aid of Israel's Dr. Yuval Ne'eman. The bank's extensive ties to the People's Republic of China were revealed as well.

To put it bluntly: *EIR* "wrote the book" on BCCI beginning over a decade ago, when the bank first surfaced as an integral part of "Billygate" (involving President Jimmy Carter's brother and Libyan dictator Muammar Qaddafi), and later emerged as a component of the arms-to-the-ayatollahs network of the late Cyrus Hashemi. As *EIR* has recently reported, the banking operations of Hashemi were set up by many of the same individuals who bankrolled BCCI. The probe of BCCI could provide critical new evidence about the "October Surprise" scandal, in which Hashemi is accused of having been a "double agent" for the Reagan-Bush 1980 campaign who helped block the release of American hostages in Teheran until after the electoral defeat of Jimmy Carter.

Nothing of substance has been revealed in recent weeks by the Bank of England, Manhattan District Attorney Robert Morgenthau, Sen. John Kerry (D-Mass.), *Time* magazine, ABC's Ted Koppel, the *Financial Times*, the Federal Reserve Board, or the Department of Justice (DoJ) that was not known for the past dozen years. Indeed, critical elements of the bank's shady history have been downplayed in recent exposés—especially its links to the Israeli mafia.

As *EIR* reported in December 1988, following the indict-

ment of the Tampa, Florida branch of BCCI on drug-money laundering charges, bank records from 41 other banks doing business in the United States were subpoenaed by the DoJ. Among those banks were such suspected "Kosher Nostra" money washing outfits as Bank Leumi, Republic National Bank, Israel Discount Bank, Barnet Bank, and Florida National Bank of Miami (where the funds of the Anti-Defamation League Foundation are managed). Published reports suggest that BCCI was involved in the Israeli covert arming and training of Medellín Cartel death squads by Col. Yair Klein. Those Israeli-trained killers assassinated a Colombian presidential candidate in August 1989, in what proved to be a death blow to any serious anti-drug effort in Colombia.

Who is doing what to whom?

Given these facts, what is the significance of the recent moves by the Bank of England, Morgenthau, and the Fed to shut down BCCI and seize its assets?

Since the Bank of England and six other central banks moved simultaneously to sink BCCI on July 5, a slew of contradictory answers to that question have surfaced.

- According to some sources linked to the CIA, the shutdown of BCCI on the eve of the Bush-Gorbachov summit was aimed at showing Moscow that the old Cold War institutions are being dismantled. BCCI, according to this version, was integral to the Kissinger-era containment strategy against the Soviet Union, financing arms to the Afghan rebels, the Nicaraguan Contras, and the Angolan UNITA freedom fighters, and providing the covert financial channels for the Nixon-Kissinger-Bush "China card." Its destruction by the Anglo-American circles that set the bank up in the first place, is supposed to be "proof" that the Cold War is over and Bush's "new world order" is moving ahead.

- According to a prominent Arab businessman quoted in *Time* magazine July 29, the people out to wreck BCCI "are the same people who were involved in the coalition during the Gulf war, mainly America, Britain, and France." These power-hungry states, he argued, "are not satisfied with now controlling the Middle East militarily. Through this action against BCCI, the coalition is also seeking to control us financially and economically."

- Other accounts portray BCCI as a “Muslim” or a “Third World” bank that aided some poor nations in accessing cash outside the draconian framework imposed by the International Monetary Fund and the World Bank. In this version, BCCI and some of its major Third World beneficiaries, like former Peruvian President Alan García, are being punished for their opposition to the IMF.

- Still other accounts suggest that in the wake of the recent Persian Gulf war, Saudi Arabia, Britain, and the United States have all run into serious cash flow problems—much worse than anything anticipated before the war—and that the shutdown of BCCI is part of an effort to plug up the holes in the world financial structure. Purveyors of this version say that BCCI’s skimming operations interfered with Saudi Arabian covert efforts to bail out the American Express Corp., and that this nearly blew out the Anglo-American financial system, causing panic at the Bank of England and the U.S. Fed, prompting the emergency seizure.

Each of these stories contains some kernel of truth, however small. Yet none sheds sufficient light on the dramatic events of the past weeks. It may be months before the full story of the shutdown of BCCI is understood. However, some basic facts are certain, which can provide guidelines for evaluating events.

A British Commonwealth project

From the available information on BCCI and Aga Hassan Abedi, it is certain that the bank was, from the outset, a project of the British Commonwealth. Headquartered in London and operating principally in Hong Kong, the Cayman Islands, and in the former British colonies of the Indian subcontinent and Africa, it is obvious to those familiar with the *modus operandi* of the British monarchy that the bank was a British crown-run facility. According to several sources interviewed by *EIR*, Abedi was a British intelligence agent at the time the bank was first established in 1972.

In typical British fashion, BCCI was to function principally as an intelligence operation, making its services available to a broad-based array of clientele, while operating as a conduit for Anglo-American and Israeli covert gun- and drug-trafficking operations. According to unpublished accounts of the bank’s activities, its “banking” functions involved commercial transactions in which BCCI would arrange end user certificates, letters of credit, escrow accounts, etc. While most banks charge no more than 0.5% fees, BCCI typically charged as much as 8% for its services.

BCCI did make funds available to debt-strapped Third World countries that were otherwise cut off from international lending agencies. However, it would be a mistake to view this as the bank’s principal function.

Given BCCI’s involvement in many of the nastiest British, American, and Israeli covert operations of the past two decades, it is also clear that the trashing of BCCI has set off a mad coverup by, among others, sections of the Bush

administration, the CIA, the Defense Intelligence Agency. Already British Labour Party parliamentarians have raised a stink about the role of Britain’s Prime Minister John Major, who as Chancellor of the Exchequer under the Thatcher regime, was privy to some details of the BCCI mess.

While it is too early to say how damaging these revelations will be, one insider in the affair, former Senate investigator Jack Blum, told a Gannett newspaper on July 30 that he now feels the scandal could bring down George Bush. One of the yet-to-surface features of the BCCI scandal in the U.S. apparently involves the Miami savings and loan institution CenTrust, which went belly up last year at a cost to taxpayers of an estimated \$2 billion. CenTrust was secretly owned by BCCI through its proxy, Saudi banker Ghaith Pharaon, according to court documents submitted by Morgenthau and attorneys for the Fed. CenTrust founder David Paul reportedly functioned as a conduit for BCCI payoffs to prominent American politicians from both the Democratic and Republican parties. According to Blum, some of the funds are believed to have gone to George Bush’s 1988 presidential campaign.

One other crucial fact is certain. The crashing of BCCI comes in the midst of an accelerating global financial crisis, which is leading toward an overall collapse of the world monetary system. As the financial crisis accelerates, any delusions on the part of the Bush administration and others about the Gulf war leading to greater monetary stability have gone out the window. It is in the context of these changes that the BCCI affair will ultimately be judged.

For now, there are more questions than answers:

- Was the BCCI shutdown a premeditated decision by the British crown to jettison one of its own operations in order to accelerate a global monetary crisis that had already gone too far to contain?

- Does the BCCI move reflect a rift between Washington and Anglo-Dutch financial interests over the shape of the new financial structures that will necessarily follow the full-blown financial collapse?

If the full truth about the BCCI scandal is to be known, several critical points must be pursued.

First, the Cyrus Hashemi file must be fully opened, and that means that the DoJ must release the full documentation of the October 1980-January 1981 wiretaps on the phones of Hashemi’s First Gulf Bank and Trust Co. in New York, including the so-called “missing” tapes of Hashemi’s conversations with his attorney, Stanley Pottinger. It may be that any progress on this front will necessitate the firing of Attorney General Richard Thornburgh and Assistant Attorney General and Criminal Division chief Robert Mueller. Both men have staked their careers on covering up these and other crucial details of the Hashemi and BCCI scandals.

Second, the role of the Israeli intelligence services in the international guns-for-drugs trade must be thoroughly explored, beyond the question of Mossad use of BCCI convenience accounts.