

# BCCI: Will the real crooks be prosecuted?

by Scott Thompson

Justice Department and Manhattan District Attorney's office spokesmen claim that last month's sweetheart plea agreement with Bank of Credit and Commerce International, SA is but the first step in an across-the-board crackdown against the big time crooks who looted billions of dollars in deposits and helped traffic illegal drugs and arms on a global scale throughout the decade of the 1980s.

They defend the plea deal on the grounds that the \$550 million in assets seized by the Federal Reserve Board and the Federal Deposit Insurance Corp. under the agreement will help prevent a number of U.S. banks from going belly-up and that the admission of guilt by the bank's government-appointed trustees will help the criminal prosecutions they promise will be forthcoming.

In that plea agreement, which averted a criminal trial, the government agreed to drop the RICO (racketeering), money laundering, and fraud charges, and the Federal Reserve agreed to rescind the \$200 million fine levied against BCCI last year. In return, the bank's trustees agreed not to attempt to retrieve the \$550 million in assets seized by the Fed last July.

This is not the first time that the U.S. Department of Justice is claiming that a slap-on-the-wrist, out of court settlement constitutes "tough" treatment for what former U.S. Customs Commissioner William von Raab called "see no evil" bankers.

- In 1986, the Justice Department cut a one-count plea deal with the Bank of Boston after bank officials were caught washing \$1.6 billion in hot money into Switzerland.
- In 1988, the Justice Department struck an incredible deal with the Tampa branch of BCCI. Though the bank had been caught laundering at least \$14 million for the Medellín Cartel, the federal prosecutors agreed to a cash settlement, allowed Tampa BCC to keep its doors open for business, and quashed subpoenas directed against 41 other American banks that had been caught colluding with Tampa BCC in the dollar washing.

## A Rothschild bank in sheikh's clothing

As of now, the Justice Department has only indicted mid-level Arab frontmen like Gaith Pharaon and Swaleh Naqvi (who is now being held in Abu Dhabi). One sure-fire test of the government's seriousness in getting the highrollers behind the BCCI laundromat is whether they press Naqvi to tell all about the role of senior officials of the Fed and Kissinger Associates partner William D. Rogers serving as a back-channel in the Tampa deal. Since *EIR* has very little faith in

the Bush Justice Department's commitment to crack down on the "citizens above suspicion" behind the BCCI scandal, we provide the following dossier.

BCCI Holding, SA, the flagship of the BCCI banking cartel, was directed until July 1991 by Arthur Hartmann. He was the board member in charge of worldwide auditing of all the BCCI facilities. Logically, Hartmann knows more than anyone else about the \$20 billion in BCCI assets now unaccounted for. His pivotal role in the BCCI nexus is underscored by the fact that he was, up until his recent resignation, president of the Swiss subsidiaries of both BCCI and the Italian Banca Nazionale del Lavoro. International bank investigators have charged that Switzerland was at the center of the dirty money transactions between BCCI and BNL.

Contrary to the picture presented by *Time* magazine, Hartmann was not some front-man for oil-rich Persian Gulf sheikhs or Pakistani generals. He was one of the most senior officials of the British Rothschild financial empire and the former general manager of Switzerland's largest bank, Union Bank of Switzerland. Hartmann still directs Rothschild Continuation, based in Zug, Switzerland. This is the holding company for the City of London-headquartered N.M. Rothschild & Sons, Ltd. Hartmann also is the vice president of Rothschild Bank of Zurich.

Hartmann serves as chairman of a joint venture involving the Bank of New York and Inter-maritime Bank of Zurich. The latter is owned by oil trader Bruce Rappaport, who has deep ties to the Israeli intelligence service Mossad. In 1990, Rappaport was implicated in the Yair Klein affair, in which a team of Israeli military officers were caught training and arming assassination squads for the Medellín Cartel. Rappaport was earlier linked to the Swiss side of the Iran-Contra scandal.

## ADL law firm to the rescue

Although his reputation may have been a bit tarnished by last summer's media show, Democratic Party deal-maker Clark Clifford appears to have also escaped the government's porous BCCI dragnet unscathed, with his Republican Party law partner Robert Altman. During Senate hearings last autumn chaired by John Kerry (D-Mass.), Clark was treated with kid gloves, despite the fact that he, as attorney for BCCI in the United States, had borrowed money from the bank to purchase stock in First American Bankshares, a large Washington, D.C. area bank holding company that was covertly bought out by BCCI.

Clark had retained as his attorneys for the hearings the New York City firm of Skadden Arps. Notorious as the pioneers in leveraged buyouts and junk bond financing, Skadden Arps counts among its senior partners former Anti-Defamation League national chairman Kenneth Bialkin and Robert Perie, the director of Rothschild banking operations in the U.S. Skadden Arps's most notorious client, Drexel Burnham junk bond chief Michael Milken, was directly involved in one of BCCI's shadier U.S. bank takeovers, the buyup of the

Miami-based CenTrust S&L.

Former congressional sources say CenTrust had been used by BCCI to spread large amounts of cash around Washington. CenTrust chairman David Paul had thrown lavish parties hosting congressmen and had established a political action committee that poured money into the campaign funds of key members of the Congress on both sides of the aisle, including large contributions to the same Senator Kerry who treated Clifford so gently.

Beyond the CenTrust largesse, members of Congress may have other worries about the BCCI matter. During several days of testimony before the Senate Subcommittee on Terrorism, Narcotics, and International Operations and the House Banking Committee, Federal Reserve Board General Counsel Virgil Mattingly made repeated veiled references to "BCCI bribery lists" obtained by the Fed in the course of reviewing seized BCCI files.

### The 'Gray Network'

In Aug. 1, 1991 testimony before Senator Kerry's subcommittee, former U.S. Customs Commissioner William von Raab testified that a "Gray Network" had been deployed to discredit people like himself who were out to expose the higher-ups behind the BCCI bank scandal. Among those whom von Raab named as part of the "Gray Network" were Clifford and Altman. Von Raab accused the law partners of

obstructing government efforts to access BCCI officials who were to be subpoenaed to testify before Congress.

Von Raab also named Robert Keith Gray, one of the most well-connected GOP insiders, who, as chairman of the Hill and Knowlton consulting firm, had also shielded his client BCCI from federal investigators. Gray, an intimate of President Bush and White House General Counsel C. Boyden Gray, was aided in his BCCI activities by Hill & Knowlton Vice President Frank Mankiewicz, a former California director of the Anti-Defamation League.

A serious probe into relations between Hill & Knowlton's Gray and BCCI might also lead serious investigators to probe the ties between BCCI and the sordid Iran-Contra scandal. As noted, BCCI's Arthur Hartmann was involved in a joint venture with Mossad-linked financier Bruce Rappaport, who has been named as a suspect in the laundering of \$10 million into the Contra bank accounts in Switzerland courtesy of the Sultan of Brunei.

Robert Keith Gray, one of Washington's most notorious homosexuals, was, while he was representing BCCI, also steering the Citizens for America political action committee, which played a pivotal role in Project Democracy. Gray was close to Larry King, the black Republican Party money-man from Omaha, Nebraska who was convicted of fraud after the Franklin Credit Union went bankrupt in late 1988 amid allegations that it washed millions of dollars illegally into the Contras.

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