

# The real story of the BCCI

by Bill Engdahl and Jeffrey Steinberg

In the summer of 1991, the Bank of England took the unprecedented step of shutting down one of the world's largest banks, the Bank of Credit and Commerce International. Soon afterwards, the District Attorney of Manhattan, Robert Morgenthau, handed down criminal indictments against top officials of the bank. Soon, the popular media were filled with tales of drug-money laundering, bankrolling of Middle East terrorists, underwriting of Saddam Hussein's quest for a nuclear bomb, etc. BCCI was linked to some of the Persian Gulf's wealthiest sheiks, and was described as a secret slush fund for the Central Intelligence Agency. *Time* magazine even quoted CIA head Robert Gates, referring to BCCI as the "Bank of Crooks and Criminals International."

Two rather critical facts, however, were invariably left out of the story—even during the lengthy soap opera trial of former BCCI attorney Robert Altman.

The first fact was the extraordinarily close alliance between BCCI and some of Britain's most powerful financial houses and aristocratic families.

The second fact was that BCCI was created, and then built up as a "world class" bank, primarily to manage the covert funds that poured into the secret war in Afghanistan. Hardly any mention was made of the fact that BCCI was in the middle of the Afghan effort—serving as the de facto central bank for a multibillion-dollar Golden Crescent illegal arms-for-drugs trade that mushroomed during 1979-90.

When the last of the Red Army troops pulled out of Kabul in February 1989, the massive British-devised and American-led covert action program in support of the Afghan mujahideen began to wind down. BCCI lost its *raison d'être*, and went the way of the 1960s-era Investors Overseas Service (IOS), and the Vietnam War-era Nugen Hand Bank of Australia: The money was siphoned out, a diversionary scandal was manufactured, and its doors were shut.

During the decade of the Afghan War, BCCI's assets had grown from an initial capitalization in 1972 of \$2.5 million, to \$4 billion in 1980, to an astounding \$23 billion at the point that the Bank of England moved to shut it down. The bulk of the \$23 billion disappeared and to this day is still unaccounted for.

During its meteoric rise in the 1980s, BCCI was anything but a "Third World bank." Nominally founded in 1972 by Pakistani banker Agha Hasan Abedi, it was initially capital-

ized by the British-run Sheik Zayed of Abu Dhabi, incorporated in Luxembourg, and conducted all of its real business in London. True, Abedi was closely allied with the Pakistani military, especially with Gen. Mohammed Zia ul-Haq, who took power in 1977; and BCCI was used as a laundromat for the billions of dollars a year generated by the hundreds of heroin laboratories in Pakistan's North West Frontier Province (NWFP) that processed Afghan opium and smuggled it onto the world market. Likewise, BCCI was the central bank for the British and American arms flows to the Afghan mujahideen.

## A British 'crown jewel'

BCCI became a "crown jewel" in the British offshore hot money system because of its ties to the City of London.

In 1976, BCCI established a Swiss base of operations by purchasing 85% of Banque de Commerce et Placements (BCP) of Geneva. The remaining 15% was retained by the original owner, Thesarus Continental Securities Corp., a wholly owned subsidiary of Union Bank of Switzerland (UBS). Under BCCI control, BCP was managed by Alfred Hartmann, a former senior official of UBS. Hartmann eventually became chief financial officer for BCC Holding, and was the person most accountable for the "lost" \$23 billion. While serving as BCCI's "man in Switzerland," Hartmann was always operating on behalf of the Rothschild family. Hartmann was president of Rothschild Bank AG of Zurich, was vice-chairman of NY-Intermaritime Bank of Geneva (run by Mossad operative Bruce Rappaport), and was a member of the board of directors of the elite N.M. Rothschild and Sons in London.

BCCI's Swiss, London, and Caribbean branches were an essential part of the cash pipeline for the Bush-led "parallel government" of the 1980s. According to congressional testimony, Lt. Col. Oliver North and British arms dealer Leslie Aspin opened up four joint bank accounts in BCCI's Paris branch. And when the Colombian Medellín Cartel put \$10 million into the Bush covert war chest, the funds were conduited through one of Bruce Rappaport's Swiss accounts. When Syrian guns- and dope-trafficker Mansur al-Kassar arranged to sell \$42 million in arms to Iran on behalf of the Bush-North effort, he and Leslie Aspin funneled the profits through BCCI's Cayman Islands branch.

Former Senate investigator Jack Blum summed up the BCCI case in 1991 testimony before a congressional committee: "This bank was a product of the Afghan War and people very close to the mujahideen have said that many Pakistani military officials who were deeply involved in assisting and supporting the Afghan rebel movement were stealing our foreign assistance money and using BCCI to hide the money they stole; to market American weapons that were to be delivered that they stole; and to market and manage funds that came from the selling of heroin that was apparently engineered by one of the mujahideen groups."