

# Inside the Global Banking Intelligence Complex, BCCI Operations

## Part II

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Theme: [Global Economy](#)

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*Amped Status Editor's Note: The following is Part II of David DeGraw's new book, "The Road Through 2012: Revolution or World War III."*

*To get a more complete understanding of our current crisis, we need to look at the history of events that led up to it. We need to peer deeply into the inner workings of the Global Banking Intelligence Complex. Without acknowledging and exposing the covert forces that are aligned against us, we will not be able to effectively overcome them.*

*In the past I have shied away from going too deeply into the details of the intelligence world out of fear of being written off and dismissed as a conspiracy theorist. If I hadn't spent the majority of the past 20 years investigating global financial intelligence operations, I certainly wouldn't believe half of this myself. Given the severity of our current crisis and the imminent devastating implications, I now realize that I must go deeper into covert activities than I publicly ever have. The information I am about to report is very well-sourced and documented, and needs to be covered before we can proceed to exposing present operations.*

### I: All Roads Go Through BCCI

Here is a partial list of the economic and political scandals that I investigated throughout the 1980s and early '90s:

- The Savings & Loan scandal;
- Stock market manipulation and money laundering;
- Iran-Contra Affair;
- The October Surprise and Iran hostage crisis;
- Iraqgate-BNL and the rise and funding of Saddam Hussein;
- Pakistan's nuclear program and the selling of bomb-making technology to Libya, Iran and North Korea;

- The rise and funding of the Afghan Mujahideen (founding and funding of the Taliban and Osama bin Laden's Al Qaeda network);
- Illegal weapon sales to Iran and Saudi Arabia;
- The proliferation of Middle Eastern terrorism;
- The international drug trade run by people like Manuel Noriega and Pablo Escobar.

All of these scandals had one vital thing in common, the Bank of Credit and Commerce International (BCCI).

In December 1992, the US Senate Foreign Relations Committee on Terrorism, Narcotics and International Operations delivered a report on their investigation into the bank, entitled "[The BCCI Affair](#)." The report would disclose the largest political corruption case in the history of the global economy. As the Senate Committee [summed it up](#):

"BCCI's criminality included fraud by BCCI and BCCI customers involving billions of dollars; money laundering in Europe, Africa, Asia, and the Americas; BCCI's bribery of officials in most of those locations; support of terrorism, arms trafficking, and the sale of nuclear technologies; management of prostitution; the commission and facilitation of income tax evasion, smuggling, and illegal immigration; illicit purchases of banks and real estate; and a panoply of financial crimes limited only by the imagination of its officers and customers.

Among BCCI's principal mechanisms for committing crimes were its use of shell corporations and bank confidentiality and secrecy havens; layering of its corporate structure; its use of front-men and nominees, guarantees and buy-back arrangements; back-to-back financial documentation among BCCI controlled entities, kick-backs and bribes, the intimidation of witnesses, and the retention of well-placed insiders to discourage governmental action."

The BCCI scandal gave citizens of the world a rare glimpse into the inner workings of the covert global banking intelligence power structure, revealing power politics in its purest form. BCCI was modeled after the world's most powerful intelligence agencies and multinational corporations. It represented the evolution of organized crime into the new world of the global economy, rendering nation-states obsolete. BCCI transcended religions and nationalities; it cut across the entire political spectrum, uniting countries and groups that, on the surface, were considered rivals, yet were unified in their pursuit of power.

BCCI consisted of a complex alliance of intelligence agencies, multinational corporations, weapons dealers, drug traffickers, terrorists, global bankers and high-ranking government officials. It involved leaders from 73 countries and formed what was described as "an elaborate corporate spider web."

As former US Senate investigator Jack Blum [described it](#):

"The problem that we are all having in dealing with this bank is that... it had 3,000 criminal customers and every one of those 3,000 criminal customers is a page one story. So if you pick up on one of [BCCI's] accounts you could find financing from nuclear weapons, gun running, narcotics dealing, and you will find all manner and means of crime around the world in the records of this bank."

In a 1991 Time magazine article entitled, "[The Dirtiest Bank of All](#)," investigative journalists Jonathan Beaty and S.C. Gwynne summed up BCCI this way:

"Nothing in the history of modern financial scandals rivals the unfolding saga of the Bank of Credit & Commerce International, the \$20 billion rogue empire that regulators in 62 countries shut down early this month in a stunning global sweep. Never has a single scandal involved so much money, so many nations or so many prominent people.

Superlatives are quickly exhausted: it is the largest corporate criminal enterprise ever, the biggest Ponzi scheme, the most pervasive money-laundering operation and financial supermarket ever created for the likes of Manuel Noriega, Ferdinand Marcos, Saddam Hussein and the Colombian drug barons."

In another report Beaty and Gwynne [added](#):

"This is the story of how the wealthy and corrupt in Latin America managed to steal virtually every dollar lent to their countries by Western banks, creating the debt crisis of the 1980s; how heads of state... skimmed billions from their national treasuries and hid them in Swiss and Caymanian accounts forever free from snooping regulators; how Pakistan and Iraq got materials for nuclear weaponry and how Libya built poison-gas plants."

## II: BCCI & US Intelligence

Even though BCCI was a Middle Eastern-based bank, investigations by the US Senate, NY Attorney General Robert Morgenthau and several award-winning journalists revealed that BCCI was run by the CIA and top US officials. CIA covert operations were run through BCCI's "black network." Former CIA directors George Bush Sr., William Casey and Richard Helms, former Defense Secretary Clark Clifford and former Secretary of State Henry Kissinger were all key players and shielded the bank from investigations throughout its reign. BCCI founder Agha Hasan Abedi and former CIA director William Casey met secretly for years. BCCI's Mohammed Irvani was partners with former CIA director Richard Helms. BCCI frontmen Kamal Adham and A.R. Khalil were top Saudi intelligence directors and primary CIA liaisons for the entire Middle East. Many high-ranking Republicans and Democrats were vital to the bank's operations, along with top corporate executives at First American Bank, Bank of America, PR firm Hill & Knowlton, cable company TCI, and auditing firms Price Waterhouse and Ernst & Young - to name just a few US companies that played crucial roles.

The CIA, DIA, and NSC used BCCI as their own private bank, sending billions of dollars in covert funding and weapons to organizations and countries with which we are now in conflict - most notably the Mujahideen in Afghanistan (which evolved into Al Qaeda and the Taliban), Pakistan's ISI, Saddam Hussein in Iraq and the government of Iran.

BCCI investigations gave us the most detailed and well-documented view into the inner workings of the "[war racket](#)" that we have ever had. The BCCI Affair blatantly exposed how global intelligence agencies and banking interests covertly fund terrorists and drug cartels all over the world. As investigative reporter Chris Floyd wrote, "Instead of stopping the drug-runners and terrorists, the CIA decided to join them, using BCCI's secret channels to finance 'black ops' all over the world."

Reporting in Time magazine, Beaty and Gwynne revealed some of [the details](#):

“From interviews with sources close to B.C.C.I., TIME has pieced together a portrait of a clandestine division of the bank called the ‘black network,’ which functions as a global intelligence operation and a Mafia-like enforcement squad.... The black network — so named by its own members — stops at almost nothing to further the bank’s aims the world over.

The more conventional departments of B.C.C.I. handled such services as laundering money for the drug trade and helping dictators loot their national treasuries. The black network, which is still functioning, operates a lucrative arms-trade business and transports drugs and gold. According to investigators and participants in those operations, it often works with Western and Middle Eastern intelligence agencies. The strange and still murky ties between B.C.C.I. and the intelligence agencies of several countries are so pervasive that even the White House has become entangled. As TIME reported earlier this month, the National Security Council used B.C.C.I. to funnel money for the Iran-contra deals, and the CIA maintained accounts in B.C.C.I. for covert operations. Moreover, investigators have told TIME that the Defense Intelligence Agency has maintained a slush-fund account with B.C.C.I., apparently to pay for clandestine activities....

The black network was a natural outgrowth of B.C.C.I.’s dubious and criminal associations.... Its original purpose was to pay bribes, intimidate authorities and quash investigations. But according to a former operative, sometime in the early 1980s the black network began running its own drugs, weapons and currency deals....

Sources have told investigators that B.C.C.I. worked closely with Israel’s spy agencies and other Western intelligence groups as well, especially in arms deals. The bank also maintained cozy relationships with international terrorists, say investigators who discovered suspected terrorist accounts for Libya, Syria and the Palestine Liberation Organization in B.C.C.I.’s London offices....

U.S. intelligence agencies were well aware of such activities. ‘B.C.C.I. played an indispensable role in facilitating deals between Israel and some Middle Eastern countries,’ says a former State Department official. ‘And when you look at the Saudi support of the contras, ask yourself who the middleman was: there was no government-to-government connection between the Saudis and Nicaragua.’”

### III: Af-Pak Covert Operations

The CIA worked in partnership with BCCI in what was, at the time, the agency’s largest covert operation ever, pumping an estimated \$10 billion into funding the Afghan Mujahideen’s anti-Soviet Jihad.

In a 1992 article entitled, “[The Riyadh Connection](#),” Time magazine reported:

“B.C.C.I. was similarly entwined in another key U.S. intelligence operation of the 1980s: the supply of arms and money to the Afghan rebels. While such clandestine support was legally condoned, B.C.C.I. officials have told reporters that CIA Director William Casey... struck a deal that included off-the-books operations never reported to the U.S. Congress.”

Pakistan would play a pivotal role in support of the Afghan Mujahideen. Pakistan was run by

a corrupt militant oligarchy and was the operational home of BCCI. In “ [Modern Jihad: Tracing the Dollars Behind the Terror Networks](#),” investigative reporter Loretta Napoleoni revealed details:

“As soon as Abedi’s bank [BCCI] came on board, all [CIA] covert operations were passed to its ‘black network’, virtually a secret banking institution within the bank. Its headquarters were in Karachi and it was from this city that the underground network acted as a full-service bank for the CIA. With about 15,000 employees, it operated in a similar fashion to the Mafia. It was a fully integrated organization; it financed and brokered covert arms deals among different countries, it shipped goods using its own fleet, insured them with its own agency and provided manpower and security en route. In Pakistan, BCCI officials knew whom to bribe and when to do it. They also knew where to channel the funds. Richard Kerr, the former CIA director who admitted that the CIA had secret BCCI accounts in Pakistan, confirmed that those accounts had been opened to distribute the CIA funds to Pakistani officers and members of the Afghan resistance. By the mid-1980s, the black network had gained control of the port of Karachi and handled all customs operations for CIA shipments to Afghanistan, including the necessary bribes for the ISI [Pakistan’s intelligence service]. It was BCCI’s job to make sure that cargoes of arms and equipment were discharged quickly....

As the war progressed, costs soared. There was constant shortage of money along the pipeline to supply the Mujahedin and so the ISI and CIA began looking for additional sources of income. One that proved viable was drug smuggling. Soon the narcotics-based economy took over the traditional agrarian economy of Afghanistan.... Within two years the Pakistan-Afghanistan borderland had become the biggest centre for the production of heroin in the world and the single greatest supplier of heroin on American streets, meeting 60 per cent of the US demand for narcotics. Annual profits were estimated between \$100 billion and \$200 billion. . . . In 1995, the former CIA director of Afghan operations, Charles Cogan, admitted that the CIA had indeed sacrificed the drug war to fight the Cold War.”

In “[Afghanistan 1979-1992: America’s Jihad](#),” investigative journalist Tim Weiner reported:

“The CIA’s pipeline leaked. It leaked badly. It spilled huge quantities of weapons all over one of the world’s most anarchic areas. First the Pakistani armed forces took what they wanted from the weapons shipments. Then corrupt Afghan guerrilla leaders stole and sold hundreds of millions of dollars’ worth of anti-aircraft guns, missiles, rocket-propelled grenades, AK-47 automatic rifles, ammunition and mines from the CIA’s arsenal. Some of the weapons fell into the hands of criminal gangs, heroin kingpins and the most radical faction of the Iranian military.... While their troops eked out hard lives in Afghanistan’s mountains and deserts, the guerrillas’ political leaders maintained fine villas in Peshawar and fleets of vehicles at their command. The CIA kept silent as the Afghan politicians converted the Agency’s weapons into cash.”

Through this operation Osama bin Laden’s Al Qaeda network was formed. Bin Laden had accounts in BCCI and ran a CIA/BCCI-funded camp. [I’ll go into further detail on this aspect of the BCCI Affair in the next report.]

BCCI also funded Pakistan’s nuclear weapons program when they set up the Khan Institute of Engineering Sciences and Technology. Pakistan then went on to sell the technology to

Libya, Iran and North Korea. As a [Chicago Sun Times](#) report summed it up:

“[Pakistan’s] President Pervez Musharraf has pledged that the disgraced founder of Pakistan’s nuclear weapons program can keep the vast wealth he accumulated selling bomb-making technology to rogue states around the world. Just days after Musharraf provoked worldwide consternation by pardoning Abdul Qadeer Khan for supplying nuclear expertise to Libya, Iran and North Korea, he told the Sunday Telegraph he would also spare the scientist’s property or assets. ‘He can keep his money,’ Musharraf said, adding there had been good reason not to investigate the origin of Khan’s suspicious wealth before 1998, when Pakistan successfully tested its first nuclear weapon. ‘... you have to ask yourself whether you act against the person who enabled you to get the bomb.’ Khan is thought to have earned millions of dollars from his sale of nuclear know-how, beginning in the late 1980s. Much of the money was funneled through [BCCI] bank accounts in the Middle East.”

#### IV: Iran-Contra Affair

George Bush Sr. and current Secretary of Defense Robert Gates were key players in the BCCI financed Iran-Contra Affair. As the [US Independent Counsel For Iran/Contra Matters](#) investigation stated:

“Robert M. Gates was the Central Intelligence Agency’s deputy director for intelligence (DDI) from 1982 to 1986. He was confirmed as the CIA’s deputy director of central intelligence (DDCI) in April of 1986 and became acting director of central intelligence in December of that same year. Owing to his senior status in the CIA, Gates was close to many figures who played significant roles in the Iran/contra affair and was in a position to have known of their activities.”

Leslie Alan Aspin, a British CIA agent who was killed in 1989, had classified documents proving Bush Sr.’s involvement in illegal covert weapon sales to Iran. A 1991 report in [New York Magazine](#) by Christopher Byron revealed some details and was later [summed up in The Reference Shelf](#):

“In a ten-page statement dated May 1, 1987, Aspin describes how he organized a 1984 BCCI financed TOW missile shipment from Portugal to Iran on behalf of Oliver North. Though North was at that time on the staff of the National Security Council, his recently declassified diaries indicate that he was spending much of his time working for Bush.”

Key Iran-Contra asset Oliver North was involved in the operations and was working directly for Bush Sr., who was Vice President at the time. North maintained several accounts in BCCI which he used to finance his covert operations. As Time magazine [reported](#):

“... the National Security Council used B.C.C.I. to funnel money for the Iran-contra deals.... When American arms destined for Iran and Iraq passed through Israel, for example, B.C.C.I. was frequently the broker and financier.... There was, for example, the highly sensitive question of B.C.C.I.’s direct involvement in the secret arms-for-hostages deals in Iran during the 1980s, in which it acted as a broker and financier of weapons sales. Ollie North maintained three accounts at the B.C.C.I. Paris branch, and B.C.C.I. was used to transfer money



to the contras.”

George Bush Sr. would go on to pardon convicted Iran-Contra figures – former Defense Secretary Caspar Weinberger and five former CIA employees; Elliott Abrams, Robert McFarlane, Duane Clarridge, Alan Fiers, and Clair George. Robert Gates then went on to serve as Director of the CIA under Bush Sr., and is currently serving as Secretary of Defense under President Obama, having been selected to that position by former President George Bush Jr..

#### V: Kissinger Associates & Iraqgate-BNL

George Bush Sr. and former Secretary of State Henry Kissinger were also heavily involved in another illegal covert operation run through an Italian BCCI-linked bank called Banca Nazionale del Lavoro (BNL). BNL was used to covertly funnel billions of dollars to Saddam Hussein. This scandal would become known as Iraqgate.

In April 1992, former Congressman Henry B. Gonzalez (TX-20) stated the following in the [Congressional Record](#):

“Kissinger Associates, Scowcroft, Eagleburger, Stoga, Iraq, and BNL

Mr. GONZALEZ: ‘Mr. Speaker, today I will talk about Henry Kissinger, his consulting firm Kissinger Associates, two former Kissinger Associates directors, Lawrence Eagleburger and Brent Scowcroft, and the chief economist at Kissinger Associates, Alan Stoga.

I will explore their links to Banca Nazionale del Lavoro [BNL] and Iraq, and the Bush administration’s handling of the BNL scandal. But first, I will provide some background information on the BNL scandal....

The \$4 billion plus in BNL loans to Iraq between 1985 and 1990 were crucial to Iraqi efforts to feed its people and to build weapons of mass destruction. In addition, the BNL loans were crucial to Reagan and Bush administration efforts to assist Saddam Hussein....

It is truly amazing that the BNL scandal went on as long as it did. Various agencies within our Government knew of BNL’s role in bankrolling Iraq-yet they supposedly did not know that the loans were unauthorized or not properly reported....

Several of BNL’s high level friends in the United States should have been aware of the BNL loans to Iraq. The high level patrons that I am referring to are Henry Kissinger, and his Kissinger Associates compadres, Brent Scowcroft and Lawrence Eagleburger....

I will reveal that both Mr. Eagleburger and Mr. Scowcroft played a key role in the Bush administration’s handling of the BNL scandal, even though BNL was a paying client of Kissinger Associates just months prior to the BNL scandal becoming public....

#### Kissinger Deliberately Misleads Public

Until recently, Mr. Kissinger was a member of the BNL’s international advisory board and during the height of the BNL-Atlanta scandal BNL was a paying client of Kissinger Associates.

While Henry Kissinger was a paid member of the BNL's advisory board for international policy between 1985 and June 1991, he received at least \$10,000 for attending each meeting of the BNL advisory board.

Other BNL advisory board members included David Rockefeller, the chairman of the Rockefeller Group and a director of Chase Manhattan Bank, Pierre Trudeau, the former Prime Minister of Canada, Lord Thornycroft, the former British Minister of Defense, and other politically well-connected international notables.

After my April 25, 1991, floor statement on Mr. Kissinger, he told the Financial Times newspaper that he had resigned from the BNL advisory board a week before the BNL indictment in February 1991 because 'he did not want to answer questions about such incidents.'

Two weeks ago, the prominent TV show, '60 Minutes,' revealed that Kissinger had not resigned from the BNL advisory board in February 1991, as he had told the Financial Times. In fact, '60 Minutes' reported that Mr. Kissinger served on BNL's advisory board until his contract expired in the summer of 1991, more than 4 months after the date he had previously reported.

Mr. Kissinger was not the only Kissinger Associates employee that dealt with BNL. Mr. Brent Scowcroft, the vice chairman and Mr. Lawrence Eagleburger, the president of Kissinger Associates also had relationships with BNL.

#### Brent Scowcroft, BNL, and Iraq

One of the most prominent of the Kissinger Associates alumni is Brent Scowcroft, President Bush's current National Security Adviser and head of the NSC staff. . . .

Scowcroft often took charge of the National Security Council while Kissinger was fulfilling his duties as Secretary of State, and in 1975 he succeeded Kissinger as National Security Adviser to President Ford....

In 1982, Scowcroft joined Kissinger in setting up Kissinger Associates. Scowcroft served as vice chairman and head of Kissinger Associate's Washington, DC, office until becoming the head of the National Security Council under President Bush in January 1989....

#### Alan Stoga-Kissinger Associates

Another link between Kissinger Associates, BNL and Iraq is Alan Stoga. Alan Stoga is a former economist at First Chicago Bank and is currently a director of Kissinger Associates. Mr. Stoga is said to be an expert in country risk analysis and international finance. He has been interested in the Middle East for many years and has made extensive visits to the area....

#### Conclusion

BNL was a client of Mr. Scowcroft's while he was the vice-chairman of Kissinger Associates. Mr. Scowcroft regularly provided advice to BNL's management and received hefty fees in return.

Mr. Scowcroft and his staff at the National Security Council, along with the State Department, masterminded the Bush administration's handling of the BNL scandal in order to mitigate the damage it would have caused to United States-Iraq relations. In the process they trampled on United States law enforcement efforts and repeatedly misled the Congress and the American public about the United States policy toward Iraq....



As for Mr. Kissinger, he misled the public about his relationship with BNL and about his firm's contact with Saddam Hussein. Mr. Stoga misled the Banking Committee about the reasons for his trip to Iraq in the summer of 1989 when he met with Saddam Hussein to discuss Iraq's debt problems."

Kissinger and his firm Kissinger Associates played a key role throughout BCCI's entire existence. The Senate investigation report had an entire chapter focusing on Kissinger's role, entitled "[BCCI And Kissinger Associates](#)." After the report was released to the Senate Foreign Relations Committee, Henry Kissinger got them to [redact several sections](#) from the Government Printing Office's final hardcopy version.

## VI: The Ultimate Conspiracy: The BCCI Cover-Up

In Jonathan Beaty and S.C. Gwynne's ground-breaking book on BCCI, entitled "[The Outlaw Bank](#)," they detailed the overwhelming evidence proving the dominant role US intelligence, governmental agencies and global banking interests played in BCCI operations and in covering up the bank's scandalous and illegal activities. As they [reported](#):

"Perhaps the most disturbing aspect of the BCCI affair in the United States was the failure of U.S. government and federal law enforcement to move against the outlaw bank. Instead of swift retribution, what took place over more than a decade was a cover-up of major, alarming proportions, often orchestrated from the very highest levels of government. When the Justice Department finally moved decisively against BCCI in late 1991, it did so reluctantly."

As the US Senate [report revealed](#):

"The political connections of BCCI's U.S. lawyers and lobbyists were critical to impeding Congressional and law enforcement investigations from 1988 through 1991, through a variety of techniques that included impugning the motives and integrity of investigators and journalists, withholding subpoenaed documents, and lobbying on Capitol Hill to protect BCCI's reputation and discourage efforts to close the bank down in the United States."

As Beaty and Gwynne revealed in detail, government documents exposing BCCI's criminality went back to 1979. As they wrote, "authentic, unambiguous information" on the bank's illegal activity was presented to the State Department, Justice Department, Drug Enforcement Agency, Internal Revenue Service, Commerce Department, Customs Department, Central Intelligence Agency, National Security Agency, Defense Intelligence Agency, Department of Energy, and the White House's National Security Council.

Perhaps more than anyone, the Treasury Department and Federal Reserve had extensive information on BCCI's criminal activities. As investigations revealed, "the detail of information was exceptional." During pivotal BCCI years, James Baker, after serving as President Reagan's Chief of Staff, was Treasury Secretary from 1985 - '88. After Baker left the Treasury Department, he became Bush Sr.'s Secretary of State from 1989 - '92. At the Federal Reserve, Alan Greenspan, after serving as a director at the Council on Foreign Relations, became Fed Chairman in 1987 and served in that position throughout BCCI's reign.

## VII: Wall Street & the US Banking Industry

BCCI penetrated deeply into Wall Street and the US banking industry. With the help of former Defense Secretary Clark Clifford, BCCI secretly owned Washington's largest bank, First American, and Bank of America was a vital BCCI lifeline. As Beaty and Gwynne [revealed](#):

"B.C.C.I. even accomplished a Stealth-like invasion of the U.S. banking industry by secretly buying First American Bankshares, a Washington-based holding company with offices stretching from Florida to New York....

Five of Bank of America's senior officers were either on BCCI's board of directors or helped to manage Abedi's bank. For the next decade the two banks would move billions of dollars a week through each other's international offices, and the Bank of America would be an invaluable, if hidden, ally, since it would continue to accept BCCI's letter-of-credit business after virtually no other Western bank would touch it. Indeed, it could be argued that Bank of America became the single most important financial institution helping BCCI stay afloat.

In the United States alone, Bank of America transferred more than \$1 billion a day for BCCI until the moment of BCCI's global seizure in July 1991.

Thus Bank of America acted as a sort of global vacuum cleaner, sucking up many BCCI branch deposits and thereby providing the fuel Abedi needed to keep his Ponzi scheme alive."

#### Stock Market Manipulation & Money Laundering

Long before the Commodities Futures Trading Commission (CFTC) was [covering-up wide-scale manipulation](#) of the stock market during this economic crisis, they were working overtime to conceal BCCI money laundering and market manipulation. As the 1992 US Senate Report [stated](#):

"In the entire BCCI affair, perhaps no entity is more mysterious and yet more central to BCCI's collapse and criminality than Capcom, a London and Chicago based commodities futures firm which operated between 1984 and 1988. Capcom is vital to understanding BCCI because BCCI's top management and most important Saudi shareholders were involved with the firm. Moreover, Capcom moved huge amounts of money — billions of dollars — which passed through the future's markets in a largely anonymous fashion.

Capcom was created by the former head of BCCI's Treasury Department, Ziauddin Ali Akbar, who capitalized it with funds from BCCI and BCCI customers.... Additionally, the company employed many of the same practices as BCCI, especially the use of nominees and front companies to disguise ownership and the movement of money. Four Americans, Larry Romrell, Robert Magness, Kerry Fox and Robert Powell — none of whom had any experience or expertise in the commodities markets — played important and varied roles as frontmen....

The commodities markets in the U.K. and the U.S. are not restricted, regulated or supervised as stringently as the banking industry or the securities markets.

Moreover, the commodities markets can sustain almost limitless volume, a necessary prerequisite for crime on the scale of that contemplated by BCCI since fraudulent transactions may be hidden in a multitude of legitimate ones. In a letter to the directors, the Chairman of Capcom, Larry Romrell, reported

165 million in trading during the first four months of operation, and profits of 883,393. That trend continued until 1988 leading Akbar to boast to agent Mazur: 'We have contracted 165,000 contracts totaling \$53 billion with Drexel Burnham,' and later, 'we have done over \$90 billion total in 1988.'

While the number of contracts and dollar volume seems unbelievable, a commodities company can artificially create massive volume by many small or no-risk trading methods. Indeed, the volume generated by Capcom helped it to generate respectability and acceptance with reputable banks and brokers. For example, listed under 'Auditors and Advisers' in Capcom's 1987 Annual Report were the following major international banks: Manufacturers Hanover Trust Company, London, National Westminster Bank Plc, Manufacturers Hanover Trust Company, New York, Deutsche Westminster Bank, A.G., and National Westminster Bank, plc. Elsewhere, Capcom noted its ties to Dean Witter Reynolds, American Express Bank, Refco, Prudential Bache Trading Corp., and Sumitomo Trust and Banking, Ltd."

Also, long before the modern techniques of market manipulation and money laundering, like [high frequency trading](#), round trip trading and [quote stuffing](#), BCCI mastered a technique called "mirror image trading."

The Senate report [continued](#):

#### "Capcom and Money Laundering

There is evidence that Capcom engaged in money laundering for a variety of clients both in the United States and in London. For example, some 50 transactions were identified in the Futures, Inc. accounts with insufficient or no supporting documentation regarding the source or disposition of funds. These transactions totaled more than \$125,000,000.

In testimony to the Subcommittee, Customs agent Robert Mazur testified how Akbar used 'mirror-image' trading to launder huge sums of money. Mirror image trading involves buying contracts for one account while selling an equal number from another account. Since both accounts are controlled by the same individual any profit or loss is effectively netted. According to Mazur, Akbar explained that because these 'mirror image' transactions can be lost among many millions of dollars worth of legitimate transactions 'it would take forever for anyone to ever find it.'

Using mirror-image trading, Akbar bilked the BCCI Treasury accounts and laundered money for one of Capcom's most notorious clients, General Manuel Antonio Noriega. Although complex, the series of transactions involving Noriega, BCCI and Capcom provide an illustration of textbook money laundering....

#### Conclusion....

In terms of the broader lessons of Capcom, regulation of the futures markets need to be greatly strengthened. Even a cursory background check on Akbar would have revealed that he had managed the Treasury accounts at BCCI which lost \$400 million in the futures markets in the early eighties. Moreover, regulators who appeared before the Subcommittee testified on the one hand that annual audits of Capcom US turned up nothing irregular, but that Capcom's books and records were a mess. That such a contradiction was allowed to continue for four years indicates that the CFTC needs to critically review the effectiveness of the various exchange audits. Finally, money laundering should be made a crime under the Commodities Futures Trading

Act.”

## VIII: The Savings and Loan Scandal

The Savings and Loan scandal was a significant part of the BCCI Affair. Looking back through piles of documents and research I’ve gathered, it is stunning how similar that crisis was to our current crisis. Both operations were put into motion as a result of the deregulation of key sectors of the financial system; in both of these cases the real estate sector was a main component. This is a clear pattern in financial intelligence operations. The first essential mission is to create legislation that allows for the creation of dark spaces, or “dark pools,” within key areas of the financial system where intelligence operations can then be executed without oversight or accountability.

To show you how history repeated itself, here’s an excerpt from the 1993 book, “[Banking Scandals: The S&Ls and BCCI](#),” edited by Robert Emmet Long:

“The Savings and Loan debacle – the greatest scandal in the history of American banking – first came to national attention in the mid-1980’s. At that point, the failure of the thrifts, as S&Ls are sometimes known, appeared to be a controllable and containable situation. Both government officials and representatives of the Savings and Loan industry gave assurances that the S&L industry was still sound, and both worked to head off a full-scale investigation.... The delay in confronting the situation cost taxpayers billions of dollars. The price tag for bailing out the failed banks steadily escalated, from estimates of \$50 billion at first to \$500 billion and then \$750 billion or even a staggering \$1 trillion....

The Savings and Loan scandal was unparalleled in the extent of its chicanery and in its ultimate cost to taxpayers, who will be paying for it for decades to come... In a series of steps beginning in 1980, the S&Ls were deregulated at the same time that the Federal Savings and Loan Insurance protection for depositors rose from \$40,000 to \$100,000. The combination stimulated get-rich-quick investments of a highly speculative nature on the part of bankers, who looted the treasuries of the institutions they were entrusted to protect.”

It was also George Bush Sr. who, then as Vice President, oversaw the “task force on deregulation and bank supervision” that led directly to the S&L crisis. In fact, his son, Neil Bush became known as the “poster boy” of the S&L crisis. Neil was nicknamed “the Silverado Kid” after he cost US taxpayers \$1.3 billion while running Silverado Banking, Savings & Loan. In 1989, after becoming president, George Bush Sr. promptly bailed out the S&L industry, costing taxpayers hundreds of billions of dollars.

Many of the failed S&L thrifts served as secret intelligence shell companies and were traced back to BCCI and the CIA. In a study entitled, “[Organized Crime, The CIA and the Savings and Loan Scandal](#),” Criminal Justice Professor Gary W. Potter explains:

“It is not our intent to discuss the unethical and even illegal business practices of the failed savings and loans and their governmental collaborators. The outlandish salaries paid by S & L executives to themselves, the subsidies to the thrifts from Congress which rewarded incompetence and fraud, the land ‘flips’ which resulted in real estate being sold back and forth in an endless ‘kiting’

scheme, and the political manipulation designed to delay the scandal until after the 1988 presidential elections are all immensely interesting and important. But they are subjects for others' inquiries. Our interest is in the savings and loans as living, breathing organisms that fused criminal corporations, organized crime, and the CIA into a single entity that served the interests of the political and economic elite in America. Let us begin by quickly summarizing the most blatant examples of collaboration between financial institutions, the mob, and the intelligence community....

First National Bank of Maryland...  
Palmer National Bank...  
Indian Springs Bank...  
Vision Banc Savings...  
Hill Financial Savings...  
Sunshine State Bank...

All told at least twenty-two of the failed S & L's can be tied to joint money laundering ventures by the CIA and organized crime figures. If the savings and loan scandals of the 1980s reveal anything, they demonstrate what has often been stated as a maxim in organized crime research: that corruption linking government, business, and syndicates is the reality of the day-to-day organization of crime. Investigations of organized crime in the United States, Europe, and Asia have all uncovered organized crime networks operating with virtual immunity from law enforcement and prosecution."

For further details on BCCI and CIA connections to the S&L crisis, let's return to "[Banking Scandals: The S&Ls and BCCI:](#)"

"The banking scandals involving S&Ls and the rogue Bank of Credit and Commerce International (BCCI) are linked through David Paul, former CEO of CenTrust Savings Bank, a Miami S&L that was seized in February 1990. Like S&L kingpin Charles Keating, Paul knew that he could ingratiate himself with politicians by helping them raise campaign money. Political intervention by the likes of Keating Five senators Alan Cranston of California and Donald Reigle of Michigan helped keep CenTrust open for two years after it otherwise would have been closed. CenTrust's involvement with BCCI was even greater than its interaction with S&L scoundrels. By mid 1988, CenTrust owed its survival to BCCI and one of the bank's alleged front men, Ghaith Pharaon, who helped win approval of a CenTrust bond issue that brought new capital into CenTrust and improved the condition of its books just in time for the thrift to pass a crucial examination by regulators....

Sunbelt Savings, Western Savings, and State Savings have all been named by the Houston Post as members of a daisy chain of failed thrifts with links to organized crime and even, perhaps, to the CIA. All three have collapsed, at a cost to taxpayers of over \$3 billion."

Once again, George Bush Sr.'s role in BCCI and the S&L crisis cannot be understated. To recap, over the course of BCCI's entire reign, Bush Sr. led the CIA, then served as Vice President before becoming President. He had extraordinarily close relations with Saudi Arabia, the most oil-rich nation in the world. Kahlam Adham was a top BCCI executive and head of Saudi Arabian intelligence, he was known as "the godfather of Middle East Intelligence" and was the CIA's main liaison to the region. BCCI's Chief Operations Officer was Khalid bin Mahfouz, who also led Saudi Arabia's largest national bank and was a major player in the oil industry. Mahfouz was known as "the most powerful banker in the Middle

East.” As already mentioned, Saudi Arabian intelligence was mixed in tightly with Wall Street banking interests in BCCI’s Capcom money laundering operations in the futures market. George Bush Sr. also did everything within his power to conceal these operations, as investigative reporter Chris Floyd [wrote](#):

“When a few prosecutors finally began targeting BCCI’s operations in the late Eighties, President George Herbert Walker Bush boldly moved in with a federal probe directed by Justice Department investigator Robert Mueller. The U.S. Senate later found that the probe had been unaccountably ‘botched’—witnesses went missing, CIA records got ‘lost,’... Lower-ranking prosecutors told of heavy pressure from on high to ‘lay off.’ Most of the big BCCI players went unpunished or, like [Khalib bin] Mahfouz, got off with wrist-slap fines and sanctions. Mueller, of course, wound up as head of the FBI, appointed to the post in July 2001—by George W. Bush.”

Robert Mueller, who has been running the FBI since September 4, 2001, under Bush Jr. and now Obama, was Bush Sr.’s go-to guy at the Justice Department in covering up BCCI and S&L operations. Back in 1992, Beaty and Gwynne reported the following in [Time magazine](#):

“In the U.S. investigators now say openly that the Justice Department has not only reined in its own probe of the bank but is also part of a concerted campaign to derail any full investigation. Says Robert Morgenthau, the Manhattan district attorney, who first launched his investigations into B.C.C.I. two years ago: ‘We have had no cooperation from the Justice Department since we first asked for records in March 1990. In fact they are impeding our investigation, and Justice Department representatives are asking witnesses not to cooperate with us.’”

In summation, George Bush Sr., Henry Kissinger, James Baker, Robert Mueller, Robert Gates and Alan Greenspan were all heavily involved in BCCI activities. Former President Bill Clinton even played a crucial role in continuing the cover-up by killing follow-up investigations upon taking office. More stunning than the BCCI operations and the cover-up, was that even after the BCCI Affair was finally exposed, all of these major players were not held accountable. The fact that people like this not only got to walk away, but remained in top positions of power for years after the scandal was exposed, with Robert Gates now serving as the Secretary of Defense and Robert Muller still serving as the head of the FBI, tells you all you need to know about the rule of law in the United States.

When you look back at the S&L crisis and understand how that scandal worked, you can clearly see how that operation served as a forerunner to, and evolved into, our current economic crisis. Of course this time it would happen under the presidency of George Bush Jr., and the cover-up would be maintained by a different Democratic President, Barack Obama.

## IX: The Lessons of BCCI

While investigating BCCI operations, I began to clearly understand for the first time how the Global Banking Intelligence Complex runs both political parties in the United States. After years of researching and investigating BCCI, I’ve come to understand how power really operates, who the real power players are and how the mainstream media, which is tightly controlled by these forces, keeps the American public in the dark and marginalized by never



reporting on the roots of power. The harsh truth is that American democracy and the rule of law are an illusion.

Above all, the BCCI scandal taught me two major lessons. First, when there is blatant criminal activity that goes unpunished, global banking intelligence interests are behind it. Second, you always have to follow the money. At the heart of power is the money supply, the ability to create, issue and manipulate global currencies. This is what the most powerful have always known. As the old [House of Rothschild maxim](#) goes, "Let us control the money of a nation, and we care not who makes its laws."

When you peel back all the layers, the ultimate power in this world lies within the Global Banking Intelligence Complex, or the "[money powers](#)" as our Founding Fathers and early presidents called them. If you research our forefathers, you will see that they understood this point very well. The main theme throughout American history has always been the war between democracy and the concentration of power within the banks.

This may seem obvious to some, but this very obvious point has been omitted from mainstream media and public consciousness within the United States. This very viewpoint has been completely removed from the debate surrounding our current economic crisis and the failed financial reform process. And when it comes to the funding of perpetual wars, the banking interests behind the scenes are never even mentioned.

So this long winding road has led me right into the heart of our current crisis. It has been from this viewpoint that I have closely watched this crisis unfold. I've been following all these power players for years now and it's given me an insider's view and front row seat into our current political environment. Watching old BCCI players and their protégés continue to maintain positions as top US government officials over the years reveals a very different reality when you consider significant issues like 9/11; the Af-Pak and Iraq wars; the private military complex; the Israeli-Palestinian conflict; Pakistani, Iranian and North Korean nuclear weapons programs; global weapons sales; mainstream media propaganda campaigns; campaign finance laws; lobbying efforts; electronic voting machines; the current economic crisis, along with the bailout and stock market manipulation.

When I think about the "War on Terror" and the modern global banking system, the BCCI Affair is child's play in comparison. The Global Banking Intelligence Complex is on steroids and stronger than ever, with power and wealth concentrated in unprecedented fashion.

Now that we have a fundamental understanding of how financial intelligence operations worked throughout the 1980s and early '90s, now that we've scratched just below the surface, I will now expose operations throughout the late '90s and past decade.

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