

Further BofA ties to BCCI found

S.F. bank's name
keeps surfacing as
investigation widens

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BankAmerica Corp.'s links to the rogue Bank of Credit and Commerce International were more significant than previously disclosed, an inquiry by the Associated Press shows.

Although the nation's second-largest bank hasn't been implicated in BCCI's alleged crimes, investigators are intrigued that BankAmerica's name surfaces throughout the complex history of the rogue bank.

BofA was a big initial investor in BCCI when it was founded in 1972. But information the AP culled from interviews, company records and other sources showed additional connections, among them:

► BofA and BCCI in 1973 helped found the National Bank of Oman, which later became the biggest bank in that Persian Gulf country.

► BofA participated in an important restructuring of BCCI in 1976 that led to the creation of BCCI Holdings of Luxembourg, parent of the bank's international empire.

► BofA was a shareholder in a Paris bank now under federal investigation for its role in the financing of BCCI's secret takeover of First American Bankshares Inc. in Washington.

► At least six former BofA executives played important roles in BCCI management or sat on BCCI's board.

BofA hasn't been charged or named as a target in the widespread investigation of BCCI, seized by regulators in July amid charges of drug-money laundering, illicit weapons brokering and fraudulent loans.

But BofA still is smarting from its involvement as a BCCI shareholder.

The San Francisco institution, which has assets of \$113 billion, is named in a class action and civil racketeering lawsuit filed last month in a federal court in California.

The suit alleges BofA "actively and knowingly assisted" BCCI's illegal takeover of First American Bankshares and National Bank of

[See BCCI, B-5]

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Georgia.

BofA spokesman Jim Mitchell called the accusations "a flagrant attempt to assign guilt by association." The bank has asked a judge to dismiss the suit.

The bank's defense was boosted earlier this month when the Federal Reserve Bank of San Francisco told Congress a review of BofA's involvement with BCCI "did not disclose any suspicious or criminal activities," said Thomas D. Thomson, executive vice president of the San Francisco Fed.

BCCI's relationship with BofA began in 1972 when the bank, eager to expand abroad, provided start-up capital and acquired a 25 percent stake.

The investment in BCCI is consistent with BofA's expansion in the 1970s under Chairman A.W. Clausen, who became president of the World Bank in 1980.

In 1973, BofA and BCCI togeth-



BofA investment in BCCI came under then-Chairman A.W. Clausen.

er made a founding investment of 39 percent — about \$580,000 — in the National Bank of Oman. BofA sold its investment in the late 1980s; BCCI held 40 percent stake in National Bank of Oman as of July.

As BofA's Middle East presence

grew, at least six executives left the bank for executive BCCI positions or joined BCCI's board. A key figure is Roy P.M. Carlson, who ran Bank of America's Beirut office in the 1960s and had close contacts with Abedi, according to former BofA executives.

The BofA veteran later surfaced as a chairman of the National Bank of Georgia after Saudi investor Ghaith Pharaon bought the bank from Bert Lance, President Jimmy Carter's former budget director. The Federal Reserve contends Pharaon was a front man for BCCI's secret acquisition of National Bank of Georgia, which began in 1985. Pharaon's attorney has denied the charge.

Carlson, reached at his home in Georgia, declined to comment on his relationship with BCCI.

regulators obtained by the AP.

BofA hasn't been charged with wrongdoing in the BCCI case; Lamarche, who resigned as BAII chairman in 1990 amid serious financial troubles in the bank, could not be reached for comment.

Coincidentally, Bank of America Financial Corp. was listed as a

BAII shareholder in 1989, and retired BankAmerica Corp. Chairman Chauncey J. Medberry III was elected to BAII's board in 1985.

Fed general counsel Virgil Mattingly did not return a telephone call about BAII's role in the BCCI probe.

In 1976, the Fed approved BofA's participation in an important restructuring of BCCI, the creation of BCCI Holdings of Luxembourg, BofA's 1976 annual report shows.

BofA has acknowledged that its stake in BCCI peaked at 45 percent during the mid-1970s. The San Francisco bank began divesting from BCCI beginning in 1978, completing that process by June 30, 1980. Former BofA officers have said they withdrew because they were nervous about what they called BCCI's lack of good credit practices.

Another former BofA executive, spokesman John Hillbery, went to BCCI in 1979. Several BofA employees of Pakistani descent left the bank to work for BCCI, said author James Ring Adams, who is working on a book about BCCI.