

Lawmaker's Defense of B.C.C.I. Went Beyond Speech in Senate

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Senator Orrin G. Hatch, the powerful Republican from Utah who is a member of the Judiciary Committee, worked behind the scenes on behalf of the Bank of Credit and Commerce International while at the same time pressing the bank to make a \$10 million loan to a close business associate.

From documents and interviews with bank lawyers, a picture emerges of Mr. Hatch and an aide as integral parts of the bank's efforts to escape Senate scrutiny and avoid bad publicity after the bank pleaded guilty in 1989 to Federal charges of illegal laundering of drug money.

Mr. Hatch gave a widely reported speech on the Senate floor in 1990 defending B.C.C.I. and he later publicly acknowledged asking the bank to lend money to Monzer Hourani, a Houston businessman. But an examination of the bank documents and the interviews with lawyers and others found that the relationship went much deeper. These were among the findings:

*In late 1989, when a Senate subcommittee began a formal investigation of the bank's ties to dictators and terrorists, Michael Pillsbury, a longtime aide to Senator Hatch and an expert on national security, sat down with the bank's lawyers and offered advice on how to counterattack another Senator's inquiry, according to Mr. Pillsbury, as well as some of the bank's lawyers.

*After B.C.C.I. resolved the money-laundering case in Tampa, Fla., by reaching a plea agreement that many Government officials complained was far too lenient, Mr. Hatch talked to high-ranking Justice Department officials and urged them to step forward and defend the plea deal. A senior Justice Department official acknowledged the call. And a B.C.C.I. lawyer in Washington, Raymond Banoun, said he was present in Mr. Hatch's office when the Senator placed the call.

*The Senator said he made his Senate speech on behalf of B.C.C.I. after being assured by the bank's lawyers that the Florida money-laundering case involved only low-level corruption. Some of B.C.C.I.'s lawyers, including Mr. Banoun, said in interviews that they had talked with the Senator only reluctantly, fearing such a meeting would backfire and anger the Justice Department. The lawyers said they met with the Senator only because of pressure from Mohammad Hammoud, a close friend of Mr. Hatch and also a large B.C.C.I. shareholder. Mr. Hammoud died in 1990.

*Mr. Hatch earlier acknowledged news media reports that he telephoned B.C.C.I.'s president in London, Swaleh Navqi, to ask him to consider lending money to Mr. Hourani. He portrayed the efforts to get the loan as a casual request that produced no results. But a detailed loan proposal was made by Mr. Hourani, B.C.C.I. documents show. No loan

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apparently was made to Mr. Hourani, a close friend and campaign contributor to Mr. Hatch.

Mr. Hatch's motivation for helping the bank was not clear. But at least three of his friends stood to benefit if B.C.C.I. could remain a going concern in the United States: Mr. Hammoud, a large shareholder in B.C.C.I.; Robert Altman, one of the bank's chief lawyers, and Mr. Hourani, the business associate and campaign contributor who was trying to get a loan.

Mr. Hatch declined an invitation to discuss the details of a New York Times examination of the documents. In a recent statement responding to questions from The Times, Mr. Hatch said he would ask the Senate Ethics Committee to investigate the activities of Mr. Pillsbury, the aide who met with the B.C.C.I. lawyers.

Mr. Pillsbury, in an interview last week, said the discussions with the lawyers were held at the Senator's behest. Mr. Pillsbury, formerly a high-ranking State Department official, said he did not know of the Senator's attempts to secure a loan for Mr. Hourani. Mr. Pillsbury said he encouraged the Senator to request the ethics panel investigation "to show there were no improper contacts by me." Senator Searching His Files for Details

The Senator's staff said Mr. Hatch would make no additional comment because he was searching his files for more details of his dealings with B.C.C.I., Mr. Hourani and Mr. Hammoud. Last year the Senator produced a letter from the Justice Department stating that he was not under investigation for his relationship with B.C.C.I.

Mr. Hourani did not return repeated telephone messages left at his Houston residence.

B.C.C.I. was shut down last year after regulators around the world accused it of one of the biggest financial frauds in history. Since the shutdown, law-enforcement officials have accused the bank of bribing officials throughout the third world to attract government deposits to B.C.C.I.

Clark M. Clifford, a former Defense Secretary, and Mr. Altman, his law partner, have been charged with taking bribes from B.C.C.I. in exchange for concealing its ownership of First American Bankshares, a Washington holding company of which Mr. Clifford was the chairman. Both have denied the charges, which were filed in Federal and New York State courts. The Regulatory Net Began to Tighten

The examination by The Times shows that Mr. Hatch's dealings with B.C.C.I. in 1989 and 1990 coincided with the bank's efforts to use political influence around the world to stave off the law-enforcement officials and regulators who had begun to scrutinize its far-flung operations after years of regulatory neglect.

This push came after the bank's October 1988 indictment on money-laundering charges in Tampa. But even before the indictment, the Senate Foreign Relations Committee's Subcommittee on Terrorism, Narcotics and International Operations, led by Senator John F. Kerry, Democrat of Massachusetts, had begun its own inquiry.

By late 1989, the bank's lawyers were recommending that it plead guilty. But several of the lawyers said in interviews that B.C.C.I.'s top executives expressed dismay at the prospect of pleading guilty, at the soaring cost of the defense and at the negative publicity that would result from the plea and the Senate panel's hearings. The executives wondered whether some lobbying could be done to influence the committee investigation and the criminal case, according to the lawyers, who insisted on not being identified.

Another B.C.C.I. lawyer, Mr. Banoun in Washington, said the criticism "filtered back to us, that we were really dealing too much with it as a criminal case and not worrying about the Hill and the public relations issues."

Mr. Banoun said that around the same time, Mr. Naqvi, the president of B.C.C.I., called him to say that he had been visited in London by Mr. Pillsbury, who recommended that the lawyers meet with him and plan strategy for lobbying Congress. The lawyers said Mr.

Naqvi told them that Mr. Pillsbury was accompanied by Mr. Hammoud, the B.C.C.I. shareholder and Mr. Hatch's friend. Mr. Naqvi quoted Mr. Hammoud as saying that Senator Hatch wanted to meet with B.C.C.I.'s lawyers. Holding Meetings About Meetings

"Hammoud was complaining to the bank," Mr. Banoun recalled. Quoting Mr. Hammoud, he said: " 'Here Senator Hatch wants to meet with those people, and the lawyers weren't setting up a meeting. Hatch wants to meet with you guys.' "

Mr. Banoun said he had told Mr. Naqvi by telephone that the Senate staff member's interest in a continuing investigation was so unusual that he feared it might be a Government "sting" operation. He warned the bank president to be certain not to pay Mr. Pillsbury any money or reimburse any of his expenses. He said he feared any payments might be construed as a bribe.

Shortly after the telephone call from London, Mr. Pillsbury showed up at the legal defense team's headquarters in Washington, along with Mr. Hammoud.

"He said he was inquiring on behalf of Hatch," Mr. Banoun recalled Mr. Pillsbury's saying at the time. By Mr. Banoun's account, Mr. Pillsbury said that he put notes of every meeting with the lawyers in writing and sent them to the Senator. Mr. Pillsbury confirmed that he passed on the notes.

Mr. Banoun said Mr. Pillsbury asked for Government tape recordings made by Customs agents in Tampa during the undercover operation. The lawyer said he stalled Mr. Pillsbury and never gave him the tapes. At the time, they had not been made public, he said. 'Couldn't Say No' To a Senate Aide

"We didn't say no; he was a Senate staffer," Mr. Banoun recalled. "You just couldn't say no."

Mr. Banoun said he had given Mr. Pillsbury a copy of a defense motion accusing the Government of misconduct in the undercover operation.

"He thought it was a good motion," Mr. Banoun recalled, and he suggested that it should be circulated publicly.

Mr. Hatch has said he did not know that his friend Mr. Hammoud was a major B.C.C.I. shareholder. But Mr. Banoun said he thought Mr. Pillsbury, the Senator's aide, was aware of the connection.

Mr. Banoun said Mr. Pillsbury and Mr. Hammoud had arranged for the lawyers to meet the Senator at his office. By this time, Mr. Banoun said, the Government prosecutors and B.C.C.I.'s lawyers had reached a plea bargain over the money-laundering case. But the agreement was subject to approval by the judge in the case, and some members of Congress, led by Senator Kerry, were publicly attacking it.

Under the proposed plea bargain, B.C.C.I. was to pay \$15 million in fines and admit that it had laundered money. For its part, the Government said it would not pursue various other accusations against B.C.C.I. But this generated controversy among Congressmen and law-enforcement officials who considered the bank to be guilty of much more than money laundering. Some Government officials even said the agreement was a result of the bank's political connections.

Mr. Banoun recalled that during this furor "Pillsbury said, 'Hatch wants to meet with you guys; he wants to know about the plea agreement, and wants to know why it's not being defended.' " Defending Bank And Its Prosecutors

Mr. Banoun said he had met with the Senator, who "was really annoyed, could not understand the department, why it was throwing in the towel." The "department" he referred to was the Justice Department.

During the meeting, Mr. Banoun said, Mr. Hatch placed a call to the Justice Department to complain, and pressed department officials to come to Congress to make their case in support of the plea bargain arrangement.

A department spokesman would not comment. But Robert S. Ross Jr., then executive assistant to Attorney General Dick Thornburgh, said he spoke to the Senator around this time.

"He wanted a briefing," Mr. Ross said. "He wanted to know what was going on." Mr. Ross said he did not view the discussion as unusual, given Mr. Hatch's position on the Judiciary Committee.

"He wasn't being a lobbyist for any particular side," Mr. Ross said.

Mr. Banoun said he had at least one other meeting with Mr. Hatch, though he could not recall specifics.

The judge approved the plea agreement in January 1990, and the attacks in Congress continued.

The next month, Mr. Hatch took the Senate floor. In a speech largely written by Mr. Altman, one of B.C.C.I.'s own lawyers, Mr. Hatch defended the bank and the Justice Department. "The case arose from the conduct of a small number of B.C.C.I.'s more than 14,000 employees," Mr. Hatch said.

Two weeks later, by Mr. Hatch's account in an interview last November, the Senator telephoned the bank's president, Mr. Naqvi, and asked that he consider lending money to Mr. Hourani, the Senator's Houston business associate and friend. **Big Contributor Hurt By Houston Slump**

Mr. Hourani, portrayed by business associates and court documents as hard hit by the Houston recession of the late 1980's, was a big campaign contributor to Mr. Hatch. In 1987 and 1988, he and his employees gave a total of at least \$12,000 to the Senator's campaign organizations.

In 1988, the Senator and the developer entered into an unusual investment. Mr. Hatch said Mr. Hourani had invested \$10,000 of Mr. Hatch's money, using it to buy a one-bedroom apartment in a development in southwest Houston. The 600-square-foot apartment is on the first floor of a 20-year-old complex, across a highway from a pawnshop. It is appraised at about \$20,000.

On April 2, 1990, less than a month after the phone call from Mr. Hatch to B.C.C.I.'s president, Mr. Hourani wrote a three-page letter to Mr. Naqvi, outlining a proposal for the bank to give him loan guarantees, in exchange for a percentage of whatever projects were financed.

It is not known what became of the proposal, though Mr. Hatch said Mr. Hourani had never received financing from B.C.C.I.

Photo: Senator Orrin G. Hatch (The New York Times)

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