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May 30, 1991

MEMORANDUM FOR THE RECORD

SUBJECT: Congressional Enquiry Regarding BCCI

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(b) (3)

1. In a 14 May 1991 letter from Sen. John Kerry, the DCI is asked for a copy of a memorandum (if one exists) shown to Customs Commissioner Von Raab by Robert Gates in 1988 regarding the Bank of Credit and Commerce International (BCCI). Sen. Kerry also asks that he be provided specifics of any CIA use of BCCI.

2. I have found nothing in the files of this office which points to the existence of the memorandum referred to by Sen. Kerry.

3. With respect to the Agency's use of BCCI,  areas ought to be considered.

A.

APPROVED FOR RELEASE  
DATE: AUG 2003

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5. FIRST AMERICAN BANKSHARES

There has been considerable discussion in the press regarding the ownership of First American Bankshares (FAB). The majority holder of FAB stock is Credit and Commerce American Holdings N.V. a subsidiary of BCCI. FAB is the owner of several banks in the U.S. (D.C., Virginia, Maryland, Georgia, New York, and Florida.) As the story is emerging, Clark Clifford and Robert Altman are two lawyers

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who represented certain foreign nationals who bought FAB. (Both Clifford and Altman later became officers of FAB.) In obtaining permission from the Federal Reserve (Fed) for these individuals to buy a U.S. bank, Clifford and Altman represented that these individuals (who were major owners of BCCI) were buying FAB on their own....BCCI would have no control over FAB and would not finance the purchase.

The District Attorney in NYC discovered evidence that these individuals later borrowed money from BCCI to purchase additional shares of FAB. They pledged their stock in FAB as collateral for the loan. Interest payments on these loans became delinquent....making BCCI a beneficial owner of FAB, by default. Clifford and Altman deny having any knowledge of a preconceived plan to do that, and they further suggest that the assurances they gave to the Fed were only with respect to the initial purchase, that is, the subsequent loan and pledge of FAB stock was beyond any representation they gave regarding the application to buy the bank.

[REDACTED]

Some might take a view that because 1st American is owned by FAB which is owned by a BCCI subsidiary, that we are using BCCI. This is an extreme (and silly) notion, but we need to recognize that those who do not care for the Agency or its mission might wish to use that information against us.

The Fed decided this spring that BCCI must divest itself of control of FAB. BCCI recently submitted a divestiture plan to the Fed.

We are not using 1st American Bank in any way which would embarrass the Agency.

[REDACTED]

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