

Bank official's testimony nails Bush, Kissinger at House hearings

by Edward Spannaus

Telling his story for the first time in four years, the branch manager of the Atlanta branch of Italian Banca Nazionale del Lavoro (BNL) ripped the lid off the Bush administration's cover-up of its role in providing loans and credits to the Saddam Hussein regime in Iraq. The Nov. 9 hearing in front of the House Banking Committee also confirmed many things first revealed by *EIR*, including the role of Henry Kissinger and Kissinger Associates in setting up the 1990-91 Persian Gulf war, and the key role of Alfred Hartmann—the now-exposed link between BNL, the Bank of Credit and Commerce International (BCCI), and the Rothschild banking interests.

The hearing was one of a series by Rep. Henry Gonzalez (D-Tex.) on topics including the North American Free Trade Agreement (NAFTA) and the role of the Federal Reserve in ruining the nation's finances. Gonzalez commented in his opening remarks that the committee's investigation of BNL "originally grew out of my concern that our financial system was vulnerable to abuse by not only foreign banks, but the course of tremendous sums of so-called international funds through the arterial system of our banking and financial networks." He noted that the BNL scandal "serves as a shocking reminder of the ease at which our financial system can be manipulated."

The testimony of BNL branch manager Christopher Drogoul, coupled with comments interspersed by committee chairman Gonzalez, highlighted the corruption of the Bush administration, and especially of Bush's Justice Department, prompting Gonzalez to declare that this was "the most corrupt Justice Department that I have witnessed" in 32 years of government service.

Bush coverup exposed

To review some background of the Nov. 9 hearing: Following an anti-Iraq media campaign led by Israeli and British intelligence assets in the London *Financial Times* and elsewhere, U.S. officials raided the Atlanta branch of BNL in August 1989, and subsequently prosecuted branch manager Drogoul and other local officials for fraud. The Justice Department's contention was that the Atlanta branch had made over \$2 billion of loans to Iraq *without* the knowledge of BNL headquarters in Rome (thus allegedly "defrauding" BNL Rome); they were also charged with withholding information from U.S. bank regulators.

In fact, there was nothing wrong per se with the provision of loans, or even weapons, to Iraq; but after Bush and Britain's Margaret Thatcher provoked the 1990-91 Gulf War, he and his administration scrambled to hide their embarrassment over having done so, and thereby perpetrated a massive injustice in the prosecution of the local officials of the Atlanta BNL branch.

During the sentencing hearing for Drogoul in 1992, federal Judge Marvin Shoob concluded that Drogoul could not have acted alone; his conclusion was backed up as evidence multiplied that U.S. government agencies—including the CIA—knew full well that BNL's Rome headquarters had authorized the Iraq loans.

In his testimony, Drogoul smashed the theory that his branch was making loans to Iraq on its own, and without the knowledge of the U.S. and Italian governments, or of BNL headquarters in Rome. Drogoul said that BNL Atlanta "was no more and no less than a tool of the United States and the Italian governments used to carry out foreign policy towards Iraq and other countries."

Drogoul detailed the close ties between BNL and U.S. government agencies and the CIA, and made it clear that everything he did was encouraged by the U.S. and Italian governments, and was well known to the CIA.

For example, said Drogoul, once, when he was with one of the directors of the Ministry of Industry in Iraq, he noticed that they were being shadowed; when he brought the matter up, he was told: "I don't know what you're worried about; we've been working with the U.S. intelligence community"—and specifically he said the CIA—"for a number of years, and they follow our activities on a regular basis."

The 'most corrupt' Justice Department

Drogoul testified that as manager of the Atlanta agency of BNL from 1984 to 1989, he had managed the bank in accordance with his instructions from his superiors in Rome. "When criminal charges were being considered in connection with the activities of that branch," Drogoul continued, "the bank took the position that it was a victim of the actions of the Atlanta agency. And that's another thing that galled me."

"It has always been my view that the political power of the United States and Italy reached right down to the U.S. Attorney's office in Atlanta to ensure that only those associat-

ed with the Atlanta agency would suffer the consequences of the revelation surrounding the search of the agency in 1989. I really don't know whether Mr. [Federal Reserve Chairman Alan] Greenspan's personal visit to Atlanta shortly after the search or whether the subsequent direct contact by the Bush White House solely contributed to the bias by the lead prosecutor in Atlanta, but certainly there was an impact.

"It is my view that the local U.S. Attorney's office was overwhelmed by political pressure by the United States and Italy . . . because what had occurred was not properly a bank fraud; it was more a foreign policy fraud," Drogoul told the committee.

Drogoul described for the committee how he had initially attempted to cooperate with the prosecutorial task force in the U.S. Attorney's office in Atlanta, and how they continually tried to get him to change his story to conform to the Justice Department coverup. For four or five months, Drogoul said, "they asked me to tell them things that they knew, I believe, and that I knew were not correct." The task force would keep telling Drogoul: "Oh, no, no, Mr. Drogoul, you've misunderstood. You don't know that for a fact. This is what took place. . . . Can't you see this is what took place?"

As Drogoul finished his description of these events, Gonzalez commented: "The sad, lamentable thing of this whole deal is that we have become corrupted in our country."

Gonzalez then commented that "I have had the privilege of serving in this representative capacity in the United States House of Representatives for 32 years. . . . So I have served with about eight Presidents, and I have very diligently observed the various and sundry attorney generals. But I think the most corrupt Justice Department that I have witnessed was the immediate past one." In a warning to the Clinton administration, Gonzalez added: "I've said this before, and I have no reason not to repeat: As to what this present Justice Department does—they have not yet filled a majority of the positions. So the same hands that were there a year ago are still there."

Kissinger exposed again

The other explosive element of Drogoul's testimony was his confirmation of much of what both *EIR* and Gonzalez have charged about the role of Henry Kissinger and Kissinger Associates.

Drogoul said that after 1986 he had become aware that Kissinger was a member of the bank's international advisory board. Following the end of the Iran-Iraq War, in the 1988-89 period, he said, "it was fairly clear to me that Kissinger and Associates [sic] people were involved in some way in trying to enhance and develop the relationship between Iraq and the United States." Much of this was carried out through the Iraqi-American Business Forum, in which many people from Kissinger Associates were involved.

Drogoul told the committee that he was told by an associate in 1989 that Kissinger "is the architect of foreign policy

in the United States."

What Drogoul was unable to point out, however, was Kissinger's actual role with respect to Iraq, particularly as carried out by Kissinger Associates senior economist Alan Stoga. As *EIR* has documented, their objective was absolutely not the economic development of Iraq, but rather economic warfare against it. Stoga and the Iraqi-American Business Forum demanded that Iraq "privatize" its oil and restructure its war debt; this economic warfare and credit squeeze was an important element in driving Saddam Hussein into the 1990 invasion of Kuwait.

Drogoul also explained that another way in which Kissinger Associates was involved was through Bush's Deputy Secretary of State Lawrence Eagleburger, onetime president of the consultancy. "We in Atlanta developed a relationship with Yugoslav Bank by the name of Ljubljanska Banka which ultimately opened a branch or a subsidiary I should say in New York. . . . [W]hen I spoke to the people at Ljubljanska Banka in Lugano and in New York, they were very clear about the role that Mr. Eagleburger played in helping them establish their subsidiary bank in New York. I don't want to suggest from that that there was anything wrong with that, I'm just trying to tell you that that was something that was made very clear to us."

Those 'funny little links'

Gonzalez pointed out that during the committee's hearings last year and the year before, they had brought out and published documents showing Kissinger's membership on the international advisory board of BNL. Although Kissinger has denied that he ever discussed Iraq with other BNL officials, Gonzalez said "The minutes today will show—and these are direct from the advisory board's minutes—a meeting of the international advisory board in Madrid, May 4 and 5, 1987, and then subsequent to that, Mr. Kissinger's opinion is in part changed with respect to his observations on the Iran-Iraq conflict, on its results, on its outcome and the consequences. And he's quoted as saying, 'I give the victory of Iran over Iraq at 55% and recognize I've changed my percentage with respect to previous evaluations,' and what follows, clearly showing that Henry Kissinger did have more than just a passive role as a member of the international advisory board of the BNL."

Drogoul noted that "another curious link on that same advisory board" was the chairman of Volvo, Per Gyllenhamm (also a board member of Kissinger Associates).

"I'm not suggesting there is anything wrong with the chairman of Volvo being on the international advisory board of BNL," Drogoul continued, "but the last transaction that I was asked to engage in for the Iraqis involved General Motors and Volvo, and it was a project managed by Volvo. But here again, I don't want to suggest that there is a tie necessarily, but we always found these funny little links that went back to a few people."