

My training was that somebody's supposed to take responsibility.* * * And when a decision is made that is a bad decision, you identify who made it.* * * You may feel a failure to get information about a criminal activity to the Federal Reserve is not [a bad judgment], I have a different view of it.⁸⁷⁷

Second, even when the CIA knew that BCCI was as an institution a fundamentally corrupt criminal enterprise, it used both BCCI and First American, BCCI's secretly held U.S. subsidiary, for CIA operations. In the latter case, some First American officials actually knew of this use.⁸⁷⁸

While the reporting concerning BCCI by the CIA was in some respects impressive—especially in its assembling of the essentials of BCCI's criminality, its secret purchase of First American by 1985, and its extensive involvement in money laundering—there were also remarkable gaps in the CIA's reported knowledge about BCCI.

According to Kerr, the CIA did not have any information regarding the involvement of Kamal Adham—its chief intelligence liaison in the Arab Middle East during the 1960's and 1970's—in BCCI, or that of his successor, Abdul Raouf Khalil, or of Iran/Contra arms dealer Adnan Khashoggi.⁸⁷⁹ Those statements have since been reiterated to the Subcommittee by the CIA in April 1992, following a further review of CIA records, with the caveat by the CIA that CIA record keeping is not consolidated, and that it remains possible that information which exists has not been retrievable.

The professed lack of knowledge by the CIA about the activities of its foreign intelligence liaisons and operatives who were BCCI's major shareholders and customers is perplexing. The relationships between the CIA and Adham and Khalil were, according to public accounts, among the most important intelligence relationships the United States has had in Saudi Arabia over a quarter of a century. Similarly, Khashoggi and Ghorbanifar performed a central role for the U.S. government in connection with the Iran/Contra affair in operations that involved the direct participation of CIA personnel.

The CIA's professions of total ignorance about their respective roles in BCCI are out of character with the Agency's detailed knowledge of many critical aspects of the bank's operations, structure, personnel, and history.

If one accepts these statements at face value, it is hard not to conclude that the CIA's ignorance on these matters constituted a significant intelligence failure on the part of the CIA, to say the least. Given the CIA's responsibilities to protect the U.S. against covert action by foreign powers, it would be especially disturbing if the United States does not, as a general matter, know anything whatsoever—as the CIA has testified here—of very substantial financial and business activities within the United States of chief foreign intelligence liaisons such as Adham and Khalil.⁸⁸⁰

The errors made by the CIA in connection with its handling of BCCI were complicated by its handling of this Congressional investigation. The CIA originally stated, twice, that it had never pro-

⁸⁷⁷ S. Hrg. 102-350, Pt. 3, pp. 592-593.

⁸⁷⁸ Testimony of Altman, S. Hrg. 102-350, Pt. 3, p. 259.

⁸⁷⁹ *Id.* at 574.

⁸⁸⁰ It would be equally disturbing if the CIA did have such information, and has knowingly deceived the Subcommittee as to its existence.