


Case Study of Bank of Credit and Commerce International (BCCI): An Irony or a Coup

By

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Bank of Credit and Commerce International	
	
Former type	Private
Industry	Banking
Fate	Liquidation / Forced closure
Founded	1972
Founder	Agha Hasan Abedi
Defunct	1991
Headquarters	London (incorporated in Luxembourg)
Number of employees	approx. 30,000

The **Bank of Credit and Commerce International (BCCI)** was a major international [bank](#) founded in 1972 by [Agha Hasan Abedi](#), a Pakistani [financier](#).^[1] The Bank was registered in [Luxembourg](#) with head offices in [Karachi](#) and [London](#). Within a decade BCCI touched its peak. It operated in 78 countries, had over 400 branches, and had [assets](#) in excess of [US\\$20 billion](#), making it the 7th largest private bank in the world by assets.^{[2][3]}

BCCI came under the scrutiny of numerous financial regulators and intelligence agencies in the 1980s due to concerns that it was poorly regulated. Subsequent investigations revealed that it was involved in massive [money laundering](#) and other [financial crimes](#), and illegally gained controlling interest in a major American bank. BCCI became the focus of a massive regulatory battle in 1991 and on 5 July of that year customs and bank regulators in seven countries raided and locked down records of its branch offices.^[4]

Investigators in the US and the UK revealed that BCCI had been "set up deliberately to avoid centralized [regulatory review](#), and operated extensively in bank secrecy jurisdictions. Its affairs were extraordinarily complex. Its officers were sophisticated international bankers whose apparent objective was to keep their affairs secret, to commit fraud on a massive scale, and to avoid detection."^[citation needed]

The [liquidators](#), [Deloitte & Touche](#), filed a lawsuit against [Price Waterhouse](#) and [Ernst & Young](#) – the bank's auditors – which was settled for \$175 million in 1998. A further lawsuit against [UAE President Zayed II](#), a major shareholder, was launched in 1999 for approximately \$400 million. BCCI creditors also instituted a \$1 billion suit against the [Bank of England](#) as a regulatory body. After a nine-year struggle, due to the Bank's statutory immunity, the case went to trial in January 2004. However, in November 2005, Deloitte persuaded creditor Abu Dhabi to drop its claims against the Bank of England, except for a claim for return of its deposits, in that Abu Dhabi owned 77% of the bank shares at closing, and was therefore also facing a major lawsuit.^[5] To date liquidators have recovered about 75% of the creditors' lost money.^[6] A decade after its liquidation, its activities were still not completely understood.

History

BCCI's founder, [Agha Hasan Abedi](#), started the bank in 1972. Abedi, a prolific banker, had previously set up the United Bank of Pakistan in 1959. Preceding the nationalization of United Bank in 1974 he sought to create a new supranational banking entity. Abedi was succeeded by Swaleh Naqvi as the bank's chief who, in the aftermath following controversy over BCCI, was replaced by Zafar Iqbal Chaudhry in the late 1990s. BCCI was created with capital from [Sheikh Zayed bin Sultan Al Nahyan](#), the ruler of [Abu Dhabi](#) in the [United Arab Emirates](#) and [Bank of America](#) (25%).

BCCI expanded rapidly in the 1970s, pursuing long-term asset growth over profits, seeking high-net-worth individuals and regular large deposits. The company itself divided into BCCI Holdings with the bank under that splitting into BCCI SA ([Luxembourg](#)) and BCCI Overseas ([Grand Cayman](#)). BCCI also acquired parallel banks through acquisitions: buying the Banque de Commerce et Placements (BCP) of [Geneva](#) in 1976, and creating [KIFCO](#) ([Kuwait International Finance Company](#)), Credit & Finance Corporation Ltd, and a series of Cayman-based companies held together as ICIC (International Credit

and Investment Company Overseas, International Credit and Commerce [Overseas], etc.). Overall, BCCI expanded from 19 branches in five countries in 1973 to 27 branches in 1974, to 108 branches in 1976, with assets growing from \$200 million to \$1.6 billion. This growth caused extensive underlying capital problems. The *Guardian* alleged that BCCI was using cash from deposits to fund operating expenses, rather than making investments. Investigative journalist and author Joseph J. Trento has argued that the bank's transformation was guided by the head of Saudi intelligence with a view to enabling it to finance covert intelligence operations at a time, in the aftermath of [Watergate](#), when the American intelligence agencies were defending themselves from investigations by domestic authorities.^[7]

BCCI entered the African markets in 1979, and Asia in the early 1980s. BCCI was among the first foreign banks awarded a license to operate in the Chinese [Special Economic Zone](#) of [Shenzhen](#) which bore testament to Agha Hasan Abedi's public relations skills, a feat that had yet to be achieved by the likes of Citicorp and JP Morgan. Some of China's largest state banks were depositors in BCCI's Shenzhen branch.

There was rigid compartmentalization; the 248 managers and general managers reported directly to Abedi and the CEO Swaleh Naqvi. It was structured in such a way that no single country had overall regulatory supervision over it so as not to hinder potential growth and expansion opportunities. Its two holding companies were based in Luxembourg and the [Cayman Islands](#)—two jurisdictions where banking regulation was notoriously weak. It was also not regulated by a country that had a [central bank](#). On several occasions, the [Office of the Comptroller of the Currency](#) told the [Federal Reserve](#) in no uncertain terms that BCCI must not be allowed to buy any American bank because it was poorly regulated.

By 1980, BCCI was reported to have assets of over \$4 billion with over 150 branches in 46 countries. Bank of America was "bewildered"^[8] by BCCI and reduced its holding in 1980, and the company came to be held by a number of groups, with ICIC owning 70%. By 1989, ICIC's shareholding was reduced to 11% with Abu Dhabi groups holding almost 40%. However, large numbers of shares were held by BCCI nominees. It was very common for Middle Eastern elites to use nominees to hold their stock, as they did not want the public to know the details of their holdings.^[citation needed]

In 1982, 15 Middle Eastern investors bought Financial General Bankshares, a large bank holding company headquartered in [Washington, D.C.](#) All the investors were BCCI clients, but the Fed received assurances that BCCI would be in no way involved in the management of the company, which was renamed First American Bankshares. To alleviate regulators' concerns, [Clark Clifford](#), an adviser to five presidents, was named First American's chairman. Clifford headed a board composed of himself

and several other distinguished American citizens, including former [United States Senator Stuart Symington](#). In truth, BCCI had been involved in the purchase of FGB/First American from the beginning. Abedi had been approached about buying it as early as 1977, but by this time BCCI's reputation in the United States was so poor that it could not hope to buy an American bank on its own (as mentioned above, the OCC was adamantly opposed to BCCI being allowed to buy its way into the American banking industry). Rather, it used the First American investors as nominees. Moreover, Clifford's law firm was retained as general counsel, and also handled most of BCCI's American legal work. BCCI was also heavily involved in First American personnel matters. The relationship between the two was so close that rumors spread BCCI was the real owner of First American.

[F. Lee Bailey](#) and Florida state prosecutor Richard Gerstein were the directors of CenTrust Federal Savings Bank, a failed satellite of BCCI; this would eventually lead to Bailey's disbarment.

BCCI had an unusual annual auditing system: [Price Waterhouse](#) were the accountants for BCCI Overseas, while [Ernst & Young](#) audited BCCI and BCCI Holdings (London and Luxembourg). Other companies such as KIFCO and ICIC were audited by neither. In October 1985, the Bank of England and the Institut Monétaire Luxembourgeois (Luxembourg's bank regulator) ordered BCCI to change to a single accountant, alarmed at reported BCCI losses on the commodities and financial markets. Price Waterhouse became the sole accountants in 1987.

In 1990, a Price Waterhouse audit of BCCI revealed an unaccountable loss of hundreds of millions of dollars. The bank approached [Sheikh Zayed bin Sultan Al Nahyan](#), who made good the loss in exchange for an increased shareholding of 78%. Much of BCCI's documentation was also then transferred to Abu Dhabi. The audit also revealed numerous irregularities. Most seriously, BCCI had made a staggering \$1.48 billion worth of loans to its own shareholders, who used BCCI stock as collateral.

The audit also confirmed what many Americans who watched BCCI long suspected—that BCCI secretly (and illegally) owned First American. When the Fed cleared the group of Arab investors to buy First American, it did so on condition that they supplement their personal funds with money borrowed from banks with no connection to BCCI. Contrary to that agreement, several stockholders had borrowed heavily from BCCI. Even more seriously, they pledged their First American stock as collateral. When they didn't make interest payments, BCCI took control of the shares. It was later estimated that in this manner, BCCI had ended up with 60 percent or more of First American's stock.

Despite these problems, Price Waterhouse signed BCCI's 1989 annual report, largely due to Zayed's firm commitment to propping up the bank.

Lending Practices / Allegations

BCCI contended that its growth was fueled by the increasingly large number of deposits by oil-rich states who owned stock in the bank as well as by sovereign developing nations. However, this claim failed to mollify the regulators. For example, the Bank of England ordered BCCI to cap its branch network in the United Kingdom at 45 branches.^[9]

There was particular concern over BCCI's loan portfolio because of its roots in areas where modern banking was still an alien concept. For instance, a large number of its customers were devout Muslims who believed charging interest on loans—a major pillar of modern banking—was *riba*, or usury. In many Third World countries, a person's financial standing didn't matter as much as his relationship with his banker. One particularly notable example is the Gokal family, a prominent family of shipping magnates. They had a relationship with Abedi dating back to his days at United Bank. Abedi personally handled their loans, with little regard for details such as loan documents or creditworthiness. At one point, BCCI's loans to the Gokal companies were equivalent to US\$1.5 billion, three times the bank's capital. Longstanding banking practice dictates that a bank not lend more than 10 percent of its capital to a single customer.^[9]

Funding to criminals and dictators

BCCI handled money for [Saddam Hussein](#), [Manuel Noriega](#), [Hussain Mohammad Ershad](#) and [Samuel Doe](#).^[9] Other account holders included [Medellin Cartel](#) and [Abu Nidal](#).^[10]

CIA funding to the Afghan Mujahideen and the Contras

The U.S. [Central Intelligence Agency](#) held numerous accounts at BCCI, according to William von Raab, former U.S. Commissioner of Customs. [Oliver North](#) also used and held multiple accounts at BCCI. These bank accounts were used for a variety of illegal covert operations, including transfers of money and weapons related to the [Iran-Contra scandal](#), according to Time Magazine.^[11] The CIA also worked with BCCI in arming and financing the [Afghan mujahideen](#) during the [Afghan War](#) against the [Soviet Union](#), using BCCI to launder proceeds from trafficking heroin grown in the Pakistan-Afghanistan borderlands, boosting the flow of narcotics to European and U.S. markets.^[12]

After the decline of Soviet Union

BCCI's demise began in 1986, when a US Customs undercover operation led by Special Agent Robert Mazur infiltrated the bank's private client division and uncovered their active role soliciting deposits from drug traffickers and money launderers. The so-called C-Chase investigation began when it was

apparent the Soviet Union was weakening and Washington lost interest in funding the mujahideen. This two-year undercover operation concluded in 1988 with a fake wedding that was attended by BCCI officers and drug dealers from around the world who had established a personal friendship and working relationship with undercover agent Mazur. At the same time he was dealing undercover with BCCI executives, Mazur used his undercover operation to establish a relationship with the hierarchy of the Medellin Cartel as one of their sources for laundering drug proceeds.

In 1988, the bank was implicated for being the center of a major money-laundering scheme. After a six-month trial, BCCI, under immense pressure from US authorities, pleaded guilty in 1990, but only on the grounds of [*respondeat superior*](#). While federal regulators took no action, Florida regulators forced BCCI to pull out of the state.^[9]

Philanthropic Contributions:

The bank established the Third World Foundation in London, which published the widely circulated [Third World Quarterly](#) and paid special attention to the promotion of the [Urdu](#) language and literature through the [Urdu Markaz](#) located in London. BCCI also established the Infaq Foundation in Pakistan, which was instrumental in funding the establishment of some of the top universities of the region, such as BCCI FAST (National University of Computer and Emerging Sciences) and GIKI (Ghulam Ishaq Khan Institute of Science, Engineering & Technology), in addition to regular support for many other educational institutions.

BCCI also established the [Cromwell Hospital](#) (now owned by [Bupa](#)) in London.

In addition to the above, BCCI helped revive hundreds of historical buildings and monuments throughout the developing world and contributed significantly to the arts, culture, sports, health, and education in many poor, Third World countries. A significant percentage of employee's salaries were regularly contributed through their consent to global charitable causes.

The Sandstorm Report:

In March 1991, the Bank of England asked Price Waterhouse to carry out an inquiry. On 24 June 1991, using the code name "Sandstorm" for BCCI, Price Waterhouse submitted the [Sandstorm report](#) showing that BCCI had engaged in "widespread fraud and manipulation" that made it difficult, if not impossible, to reconstruct BCCI's financial history.

The Sandstorm report, parts of which were leaked to [The Sunday Times](#), included details of how the [Abu Nidal](#) terrorist group had manipulated details and through using fake identities had opened

accounts at BCCI's [Sloane Street](#) branch, near [Harrods](#) in [London](#). Britain's internal security service, [MI5](#), had signed up two sources inside the branch to hand over copies of all documents relating to Abu Nidal's accounts. One source was the [Syrian](#)-born branch manager, Ghassan Qassem, the second a young British employee.

The Abu Nidal link man for the BCCI accounts was a man based in Iraq named Samir Najmeddin or Najmedeen. Throughout the 80s, BCCI had set up millions of dollars worth of letters of credit for Najmeddin, largely for arms deals with Iraq. Qassem later swore in an [affidavit](#) that Najmeddin was often accompanied by an American, whom Qassem subsequently identified as the financier [Marc Rich](#). Rich was later indicted in the U.S. for [tax evasion](#) and [racketeering](#) in an apparently unrelated case and fled the country.

Qassem also told reporters that he had once escorted Abu Nidal, who was allegedly using the name Shakir Farhan, around town to buy a tie, without realizing who he was. This revelation led in 1991 to one of the [London Evening Standard](#)'s best-known front-page headlines: "I Took Abu Nidal Shopping."

Forced Closure of BCCI:

BCCI was awaiting final approval for a restructuring plan in which it would have re-emerged as the "Oasis Bank". However, after the Sandstorm report, regulators concluded BCCI was so fraught with problems that it had to be seized. It had already been ordered to shut down its American operations in March for its illegal control of First American.

On 5 July 1991, regulators persuaded a court in Luxembourg to order BCCI liquidated on the grounds that it was hopelessly insolvent. According to the court order, BCCI had lost more than its entire capital and reserves the year before. At 1 pm London time that day (8 am in [New York City](#)), regulators in five countries marched into BCCI's offices and shut them down. Around a million depositors were immediately affected by this action.

On 7 July 1991, [Hong Kong](#) Office of the Commissioner of Banking (forerunner of the [Hong Kong Monetary Authority](#)) ordered BCCI to shut down its business in Hong Kong on the grounds that BCCI had problem loans and the Sheikh of [Abu Dhabi](#), the major shareholder of BCCI, refused to provide funds to the Hong Kong BCCI. Hong Kong BCCI was liquidated on 17 July 1991.

In 2002, [Denis Robert](#) and [Ernest Backes](#), former number three of [financial clearing](#) house [Clearstream](#), discovered that BCCI had continued to maintain its activities after its official closure, with [microfiches](#) of Clearstream's illegal unpublished accounts.^[13]

A few weeks after the seizure, on 29 July, [Manhattan District Attorney Robert Morgenthau](#) announced

that a Manhattan [grand jury](#) had indicted BCCI, Abedi and Naqvi on twelve counts of fraud, money laundering and larceny. Morgenthau, who had been investigating BCCI for over two years, claimed jurisdiction because millions of dollars laundered by the bank flowed through Manhattan. Also, Morgenthau cited BCCI's secret ownership of First American, which operated a subsidiary in New York City. Morgenthau said that all of BCCI's deposits had been fraudulently collected because the bank misled depositors about its ownership structure and financial condition. He described BCCI as "the largest [bank fraud](#) in world financial history."

On 15 November, BCCI, Abedi and Naqvi were indicted on federal charges that it had illegally bought control of another American bank, Independence Bank of [Los Angeles](#), using Saudi businessman [Ghaith Pharaon](#) as the puppet owner.

Just a month later, BCCI's liquidators (Deloitte, PWC) pleaded guilty to all criminal charges pending against the bank in the United States (both those lodged by the federal government and by Morgenthau), clearing the way for BCCI's formal liquidation that fall. BCCI paid \$10 million in fines and forfeited all \$550 million of its American assets—at the time, the largest single criminal forfeiture ever obtained by federal prosecutors. The money was used to repay losses to First American and Independence and to make restitution to BCCI's depositors. None of this was enough to rescue both banks, however; Independence was seized later in 1992, while First American was forced into a merger with [First Union](#) in 1993.

However, many of the major players in the scandal have never been brought to trial in American or UK courts. Abedi, for example, died in 1995. He was under indictment in the United States and UK for crimes related to BCCI, but Pakistani officials refused to give him up for extradition because they felt the charges were politically motivated. Even without this to consider, he'd been in poor health since suffering a stroke in the 1980s. Pharaon is still a fugitive as of 2011; at last report he was believed to be in Syria.

Regulatory Consequences:

In 1992, United States Senators [John Kerry](#) and [Hank Brown](#) became the co-authors of a report on BCCI, which was delivered to the [Committee on Foreign Relations](#). The BCCI scandal was one of a number of disasters that influenced thinking leading to the [Public Interest Disclosure Act \(PIDA\) of 1998](#). The report found that Clifford and his legal/business partner [Robert A. Altman](#) had been closely involved with the bank from 1978, when they were introduced to BCCI by [Bert Lance](#), the former director of the [Office of Management and Budget](#), to 1991. Earlier, Pharaon was revealed to have been the puppet owner of National Bank of Georgia, a bank formerly owned by Lance before being sold back

to First American (it had previously been an FGB subsidiary before Lance bought it). Clifford and Altman testified that they had never observed any suspicious activity, and had themselves been deceived about BCCI's control of First American. However, the federal government and Morgenthau contended that the two men knew, or should have known, that BCCI controlled First American.

Morgenthau and the federal government brought indictments against Clifford and Altman, but did not pursue Clifford due to his age and deteriorating health (he died in 1998). Altman was indicted and tried in New York, though he was ultimately acquitted following a jury finding of not guilty. Altman later accepted a de facto lifetime ban from any role in the banking industry to settle a civil suit by the Fed.

The British government also set up an independent inquiry, chaired by [Lord Justice Bingham](#), in 1992. Its House of Commons Paper, *Inquiry into the Supervision of the Bank of Credit and Commerce International*, was published in October of that year. Following the report, the bank's liquidators launched the [Three Rivers DC v Bank of England](#) case,^[14] on behalf of thousands of BCCI creditors who are suing the Bank of England for its failure to properly oversee the bank. The BCCI creditors sought £850m in damages, claiming that the Bank of England was guilty of misfeasance in public office. The case collapsed in November 2005, with the Bank of England seeking to re-claim legal bills. The cost of the case to the creditors could be as high as £100m.^[15]

International business attorney Maître Laurent Ries challenged the validity of the judgement (July 2013 from the Luxembourg commercial court) setting a final point to the liquidation procedure running since 1992 through a class action upon the request from a series of former creditors.^{[16][17][18]}

Former Directors:

- [Khalid bin Mahfouz](#) – non-executive director and personally owned a 20% stake in BCCI between 1986 and 1990.^[19]
- Alfred Hartman
- Shaikh Mohammed Ishaq
- [James R. Bath](#)

Legal Cases Involving BCCI:

- [Bank of Credit and Commerce International SA v Aboody](#) [1992] 4 All ER 955, pre-collapse case, later overturned, on the criteria for [undue influence](#) if someone is pressured into signing a mortgage agreement
- [Mahmud and Malik v Bank of Credit and Commerce International SA](#) [1998] AC 20, where

employees sued the bank for breach of mutual trust and confidence by carrying on unlawful activities and thereby tarnishing the employees' reputations.

- [Bank of Credit and Commerce International \(Overseas\) Ltd v Akindele](#) [2000] [EWCA Civ 502](#)
- [Bank of Credit and Commerce International SA v Ali](#) [2001] UKHL 8, a contract case establishing that exclusion of liability for fraud is contrary to public policy
- [Three Rivers District Council v Bank of England](#) [2004] [UKHL 48](#), [Bank of England](#) not found liable for failing to detect and prevent BCCI's fraud

See Also:

- [Kamal Adham](#)
- [Bert Lance](#)
- [Ghaith Pharaon](#)
- [Nugan Hand Bank](#)
- [Arbusto Energy](#)
- [The International \(2009 film\)](#)
- [Ig Nobel Prize winners \(2002\)](#) – Joint recipient of the 2002 Ig Nobel Prize in Economics, along with many other companies involved in accounting scandals, "for adapting the mathematical concept of imaginary numbers for use in the business world."

Notes:

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3. Salaam Knowledge; Biographical data on Agha Hasan Abedi at URL:<http://www.salaam.co.uk/knowledge/biography/viewentry.php?id=172>
4. Trento, *Prelude to Terror*, 370.
5. [\[1\]](#)[\[dead link\]](#)
6. [\[2\]](#)[\[dead link\]](#)
7. Trento, *Prelude to Terror*, 99=105 & 370.
8. [Kerry, John; Hank Brown](#) (December 1992). "[The Origin and Early Years of BCCI](#)". *The BCCI Affair: A Report to the Committee on Foreign Relations, United States Senate*. 102d Congress 2d Session Senate Print 102-140. pp. Chapter 3. [Archived](#) from the

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 17. "[BCCI Luxembourg hearing on 8th November 2013](#)".
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- "[The BCCI Affair](#)", [Report to the Committee on Foreign Relations, United States Senate](#), Senator John Kerry and Senator Hank Brown, 1992, 102nd Congress 2nd Session Senate Print 102-140 (Kerry Report).
- Rachel Ehrenfeld, *Evil Money. Encounters along the Money Trail*, 1992, Harper Business, [ISBN 0-88730-560-1](#)).

Appendix A



Agha Hasan Abedi

Agha Hasan Abedi also known as *Agha Sahab* (14 May 1922 – 5 August 1995) was a Pakistani banker and philanthropist who founded the [Bank of Credit and Commerce International](#) (BCCI) in 1972. BCCI was at one point the seventh largest [private bank](#) in the world, but it collapsed in 1991 after regulators in the United States and the United Kingdom found it was involved in a money laundering scandal. Mr. Abedi underwent a heart transplant operation in 1988, and died of a heart attack on 5 August 1995 in Karachi.

Life:

Early banking career:

Agha Hasan Abedi was born in a well off [Shia Muslim](#) family in Lucknow, [British India](#) and migrated to Pakistan after formation of Pakistan in 1947. Beginning his career with [Habib Bank](#) before independence, he brought about significant changes in Pakistan's banking culture when he founded the [United Bank Ltd](#) (UBL) in 1959 in [Chittagong](#). Starting as its first general manager, he quickly rose to the position of president and chairman of the board of directors. Under his stewardship, UBL became the second largest bank in Pakistan. Mr Abedi introduced a host of professional innovations, including the concept of [personalised](#) service and banking support to trade and industry, paying particular attention to the bank's overseas operations. One of the first to comprehend the opportunities offered by the oil boom in the [Persian Gulf](#), Mr Abedi pioneered close economic collaboration in the private sector between Pakistan and the [United Arab Emirates](#) (UAE). The UAE President, [Sheikh Zayed bin Sultan Al Nahyan](#), extended his patronage to UBL operations both in Pakistan and abroad.

BCCI years:

When [banking was nationalised](#) in Pakistan in 1972, Mr Abedi founded the Bank of Credit and Commerce International with the [Bank of America](#) NT & SA as a major [shareholder](#). Registered in [Luxembourg](#), the BCCI began its operations from a two-room head office in London. Over the years, it developed into a worldwide banking operation with branches in 72 countries and 16,000 employees on its payroll. Mr Abedi was personally responsible for inducting a large number of Pakistanis into the field of international banking and almost 80 per cent of the BCCI's top executive positions at the head office and in branches in various countries were held by Pakistanis. Mr Abedi severed his connection with BCCI in 1990 after suffering a heart attack and led a retired life in Karachi until his death of [heart failure](#) at Karachi's [Aga Khan](#) hospital in 1995.

Unlike regular banks, the BCCI was from its inception made up of multiplying layers of interwoven entities – which related to one another through a near impenetrable series of [holding companies](#), affiliates, subsidiaries, banks-within-banks, insider dealings and nominee relationships. BCCI's fractured corporate structure, record keeping, regulatory review, and audits, allowed the complex BCCI family of entities created by Abedi to evade ordinary legal restrictions on the movement of capital and goods. In creating BCCI as a vehicle essentially free of government control, Abedi's BCCI became the ideal mechanism for facilitating illegal activity by others, including such activity by officials of many of the governments whose laws BCCI was breaking.

At the time of his death, Abedi was under indictment in several countries for crimes related to BCCI. However, Pakistani officials refused to give him up for [extradition](#), claiming the charges were politically motivated. Even without this to consider, it is likely he would have been too sick to stand trial; he had been in poor health since suffering a stroke in the mid-1980s.

Philanthropist:

Infaq Foundation:

Mr Abedi founded charitable organisations in UK, India, Bangladesh, Zimbabwe and Pakistan.

The Infaq Foundation has only one office in Karachi, Pakistan. It has Capital and Reserves of over Rs. 2.50 billion, which in 2009 are equivalent to just over US\$30 million. Major beneficiaries among the known institutions are, [Sindh Institute of Urology and Transplantation](#), [National Institute of Cardiovascular Diseases](#), [Lady Dufferin Hospital](#) and [Sir Syed University of Engineering and Technology](#) in Karachi, and [GIK Institute of Engineering Sciences & Technology](#) in [Topi](#), [Khyber Pakhtunkhwa](#). President [Ghulam Ishaq Khan](#) was the first Chairman of the Foundation from 1983

through 1995. Another personality, a supreme court judge and a former Governor of Sindh – Justice [Fakhruddin G. Ebrahim](#) took over and is now the chairman.

The Foundation has been managed by various Chief Executives. From 1981 to 1999 retired federal secretaries were Secretaries General of the Foundation. From 1999 to 2008 the position was held by Mr. Sohail Kizilbash, a Chartered Accountant qualified in UK and a person with long banking experience. From 2009 another Chartered Accountant and former banker Mr. Anwar Gillani is the Honorary Secretary General.



Figure 1 Agha Hasan Abedi Auditorium Ghulam Ishaq Khan Institute of Engineering Sciences and Technology on the event of 8th Science fair 2007

Higher education:

Mr. Abedi also founded [BCCIFAST](#) in 1980 with a donation of Rs. 100 million, to promote education in computer science. It is now the first multi-campus university of Pakistan, known as [National University of Computer and Emerging Sciences](#). It has five campuses situated in [Islamabad](#), [Peshawar](#), [Karachi](#), [Lahore](#) and [Faisalabad](#).

[Ghulam Ishaq Khan Institute of Engineering Sciences and Technology](#) was also the brainchild of Mr. Abedi. He felt that Pakistan should have another university for higher education, at PhD level, for engineering and sciences and it should be comparable to universities in any developed country.

Abedi and Orangi Pilot Project:

"In 1980, [Akhtar Hameed Khan](#) moved to Karachi where Agha Hassan Abedi, President of the BCCI Foundation and a renowned banker, asked him to use his expertise and knowledge to improve sanitation and employment in Karachi, Pakistan (LT 2000, 4). Dr. Khan immediately agreed, but under the condition that he would be able to do things his own way without any interference from Abedi or anyone else. Abedi agreed to this, and work was begun on what would become one of the most renowned projects in the world: The [Orangi Pilot Project](#) (OPP). Thus, in 1980, the Orangi Pilot Project was started and Dr. Khan remained associated with it until his death in 1999.^[1]

Trivia:

- Agha Hasan Abedi Auditorium at [GIK Institute](#), Pakistan, was named after him.
- The Gold Medal at the [National University of Computer and Emerging Sciences](#) (FAST), awarded to the highest CGPA Holder of the batch, is known as the Agha Hasan Abedi Gold Medal.
- His London home was in the London outskirts, in the affluent [Harrow on the Hill](#), and was previously owned by [Anthony Trollope](#)
- In the words of former BCCI chief financial officer Masih ur Rahman, who worked alongside Abedi for nearly three decades, his sister had once commented that "I remember looking into his eyes and seeing God and the Devil balanced equally in them."^[2]

References:

1. Yousaf, Nasim (2003). [Allama Mashriqi and Dr. Akhtar Hameed Khan: Two Legends of Pakistan](#),p.353
2. Staff interview, Rahman, 7 August 1991.

Appendix B



Bank of Credit and Commerce International (BCCI)

The phenomenon of BCCI will never again be repeated. The changing and evolving circumstances in the banking world have effectively sealed the possibility of a “global bank” ever again emanating from “the world at large”. A bank for all nations? A dream lost forever?

The BCC Group was conceived by a management team of professional bankers with the objective of establishing an international banking organisation to provide commercial banking services to all nations. The first bank to be established within the Group was Bank of Credit and Commerce International SA, incorporated in Luxembourg in 1972. In 1975, under a restructuring programme, BCCI Holdings (Luxembourg) SA was established as a Bank Holding Company in Luxembourg and the primary banking subsidiaries of the Group were Bank of Credit and Commerce International SA and Bank of Credit and Commerce International (Overseas) Limited (known together as BCCI).

In a short span of 18 years the BCC Group reached the four corners of the globe, from China to Canada, from Spain to Swaziland, from Argentina to Zambia, and right across the world, encompassing 73 countries, over a million customers, more than 14,000 employees covering 90 nationalities and handling global trade that exceeded \$1,800,000,000 annually.

By 1990 it was ranked within the top 10 banks of the world in terms of global coverage, something that had taken the others in that elite group generations to achieve. Effectively the BCC Group was becoming a truly “global bank”.

What happened then? What happened on that infamous Friday 5th July 1991? What brought about this unbelievable disaster, when in a stroke this entire global network was brought to a sudden and grinding halt, and overnight turned into ashes? What is the truth? What is the cover up? Are there lessons to be learned?

The abrupt closure of the BCC Group left its million customers and former 14,000 employees shell-shocked and stigmatized. More shocking has been the huge fees, likely to exceed US\$2 billion, earned by the accountants and lawyers “feeding off the carcass of BCCI”, and the possibility that the BCC Group may not have been insolvent while it was conducting banking operations when comparing it with banks operating today who must rely on borrowings, almost on a daily basis, to fund their banking operations.

The time to place the bare facts before the public may have come. The saga of BCC has till today, been effectively buried and frequently covered up by distortions. It is time now for the truths and distortions, to be unwound ... if nothing else, for the children of tomorrow’s world.

The closure of the BCC Group is often still referred to as “the biggest fraud in banking history”. It cannot be denied that there were omissions and irregularities such as that might be found even today in many operating western financial institutions, but whether it warranted the closure of the BCC Group is questionable. If you really are a citizen of the world you will want to know the facts in its bare truth, and to judge for yourself. You can now view this bit of history by navigating through this website.

The website does not attempt to encompass all the information on BCC. It would be an onerous, if not impossible task, particularly when many critical documents are unlikely to be found in the public domain. The website does not also attempt to repeat all of the negative publicity that has appeared in the press and in the books published post-closure, other than looking at examples where the truth would appear to have been distorted simply to justify actions taken against BCCI.

BY CAMPAIGN COMMITTEE REPRESENTING FORMER EMPLOYEES OF BCC

Appendix C



BCCI: Pakistan's International Bank

Discussion in '[Economy & Development](#)' started by [T-Faz](#), [Feb 23, 2010](#).

The Bank of Credit and Commerce International (BCCI), a major international bank founded in 1972 by Agha Hasan Abedi (creator of UBL), a Pakistani financier. Registered in Luxembourg, with its head office in London and main operations running in Karachi, Abedi with his large number of Pakistanis in the field of international banking led the bank to become a global juggernaut with almost 80 per cent of the BCCI's top executive positions at the head office and in branches in various countries were held by Pakistanis.

BCCI had an interesting structure. It was an elaborate corporate tangle, with BCCI's founder, Agha Hasan Abedi and his assistant, Swaleh Naqvi, in the center. This convoluted structure was an essential component to its amazing growth and guaranteed its eventual collapse. The structure was conceived of by Abedi for the specific purpose of evading regulation or control by governments.

ISI had a large hand in developing and running the bank and used it for financing amongst many things Nuclear armament of Pakistan, financing mujahideen and other such endeavors around the world. From CIA to Abu Nidal, all and everyone had an account with BCCI and it became the 7th largest bank on the world.

Unfortunately its amazing growth, coupled with its links with terrorist and nuclear armament caused it to be shut down by an American committee led by John Kerry. The final nail in the coffin came when BCCI acquired an American bank and the Americans were not happy with a Pakistani Conglomerate running worldwide finance. BCCI, AQ Khan and many other Pakistani ventures made the West suspicious of Pakistanis and they were kept away from higher tier banking, science and other institutions. Just like today when Pakistani financiers are not allowed to buy stock in US and many other Western countries, hindering progress and development. Head Office in Pakistan Karachi.

It was shut down in 1990. Abedi died in Karachi in 1995.

BCCI achievement shocked the Western world BCCI did 15 % of the money laundering the world and got shot down for it and Citi Group did 80 % of it and never got touched.

Source: <http://defence.pk/threads/bcci-pakistans-international-bank.48257/> (Accessed 29 March, 2015)

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