

# FEDERAL RESERVE press release



For immediate release

July 29, 1991

The Federal Reserve Board today announced that it has commenced a formal enforcement proceeding against BCCI Holdings (Luxembourg) S.A., two subsidiary banks of BCCI in Luxembourg and the Cayman Islands, a Cayman Islands bank related to BCCI, and several individuals associated with BCCI, for violations of U.S. banking laws. The Board's enforcement proceeding includes the following:

- The assessment of a \$200 million civil money penalty against BCCI and its related banks and companies; and
- Actions seeking to bar permanently from any involvement with U.S. banking organizations in the future:
  - Agha Hasan Abedi, the founder and former president of BCCI;
  - Swaleh Naqvi, the former chief executive officer of BCCI;
  - Hasan Mahmood Kazmi, a former senior officer of a company controlled by BCCI; and
  - Kamal Adham, Faisal Saud Al-Fulaij, A. R. Khalil, Sayed Jawhary, Ghaith R. Pharaon, and Khusro Elley, each of whom had relationships with BCCI.

This enforcement proceeding is based on evidence of secret arrangements that were made between senior officials of BCCI and customers of BCCI. These arrangements were designed to allow BCCI to acquire, in the names of these customers, shares of Credit and Commerce American Holdings, N.V. ("CCAH"), which is the parent company of First American Bankshares, Inc.,

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Washington, D.C.; the National Bank of Georgia; and CentTrust Savings Bank.

The arrangements typically included loans to the customers for the purchase of shares in these companies with side agreements that the customer would not be required to repay the loans. BCCI was given authority to sell the shares and retain any profits. In return, the customers received indemnities and fees for their participation in the transactions.

These arrangements violated explicit commitments in CCAH's 1980 application to the Board to acquire First American. The application stated that BCCI would have no ownership interest in CCAH or First American; that BCCI was not funding the acquisition of shares in CCAH; and that none of the CCAH shareholders held his interest as an unidentified agent for BCCI. In fact, BCCI funded the acquisition of CCAH shares and was the actual owner of at least 25 percent of CCAH's shares at the time of CCAH's acquisition of First American in 1982.

Evidence obtained during the Board's investigation shows that BCCI resorted to these arrangements because BCCI was told it could not receive the necessary approvals from the Federal Reserve Board to acquire a bank in the United States. Evidence of the loans and nominee arrangements with customers was kept outside the United States and concealed from regulators.

The Federal Reserve Board has made criminal referrals regarding these violations to the Department of Justice. At the request of the U.S. Attorney for the District of Columbia, the

Board has deferred temporarily the assessment of substantial civil money penalties against individuals pending completion of the U.S. Attorney's criminal inquiry.

On January 4, 1991, the Board commenced its formal investigation of BCCI's activities in the United States. This built on inquiries over a considerable period of time into the issue of the relationship between BCCI and CCAH. Evidence obtained in the course of the investigation led to the enforcement proceeding begun today. The Board's investigation is continuing. Additional enforcement actions relating to the BCCI matter are currently being considered.

The Board's action today does not affect the operations of any of the banks in the United States over which BCCI gained control. Earlier this year, the Board issued supervisory orders prohibiting transactions between these banks and BCCI, and ordering BCCI to divest any shares held in the banks. The Board is in the process of overseeing the required divestitures.

A copy of the Board's Notice, which details the illegal transactions, is attached.

Attachment

**UNITED STATES OF AMERICA**  
**BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**  
**WASHINGTON, D.C.**

In the Matter of	)	
BCCI HOLDINGS (LUXEMBOURG) S.A.	)	Docket Nos. 91-043-CMP-FHC
Luxembourg	)	91-043-B-FHC
	)	91-043-CMP-FB1
BANK OF CREDIT AND COMMERCE	)	91-043-B-FB1
INTERNATIONAL S.A.	)	91-043-CMP-FB2
Luxembourg	)	91-043-B-FB2
	)	91-043-CMP-FB3
	)	91-043-B-FB3
BANK OF CREDIT AND COMMERCE	)	91-043-E-I1
INTERNATIONAL (OVERSEAS)	)	91-043-E-I2
LIMITED	)	91-043-E-I3
George Town, Cayman Islands	)	91-043-E-I4
	)	91-043-E-I5
INTERNATIONAL CREDIT AND	)	91-043-E-I6
INVESTMENT COMPANY (OVERSEAS)	)	91-043-E-I7
LIMITED	)	91-043-E-I8
George Town, Cayman Islands	)	91-043-E-I9
	)	
AGHA HASAN ABEDI	)	Notice of Assessment of a
	)	Civil Money Penalty Issued
SWALEH NAQVI	)	Pursuant to Sections 8(b)
	)	and 8(d) of the Bank Holding
HASAN MAHMOOD KAZMI	)	Company Act of 1956, as
	)	Amended, Notice of Intent to
KAMAL ADHAM	)	Prohibit Issued Pursuant to
	)	Section 8(e) of the Federal
FAISAL SAUD AL-FULAIJ	)	Deposit Insurance Act, as
	)	Amended, and Notice of
A.R. KHALIL	)	Charges and of Hearing
	)	Issued Pursuant to Section
SAYED JAWHARY	)	8(b) of the Federal Deposit
	)	Insurance Act, as Amended
GHAITH R. PHARAON	)	
	)	
KHUSRO ELLEY	)	

**SUMMARY OF CHARGES**

The Board of Governors of the Federal Reserve System  
(the "Board of Governors" or the "Board") is of the opinion that:

A. BCCI Holdings (Luxembourg) S.A., Luxembourg ("BCCI Holdings"), and its two principal bank subsidiaries (collectively referred to as "BCCI"), acting through various individual and corporate agents and nominees, intentionally and deliberately acquired ownership and control of more than 25 percent of the voting shares of Credit and Commerce American Holdings N.V., Netherlands Antilles ("CCAH") and its subsidiary, First American Bankshares, Inc., Washington, D.C. ("First American"), without the prior approval of the Board of Governors as required under Section 3 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1842) (the "BHC Act"). BCCI thereby violated, and continues to be in violation of, the provisions of the BHC Act.

B. BCCI also violated the provisions of the BHC Act and Regulation Y of the Board of Governors by purposefully concealing from the Board its intended ownership and control of at least 25 percent of the shares of CCAH in CCAH's 1980 application to the Board to acquire First American and its actual ownership and control of these shares in periodic reports filed with the Board from 1982 through 1990.

C. BCCI acquired shares of CCAH by using the following individuals and companies as nominees: Kamal Adham ("Adham"), Faisal Saud Al-Fulaij ("Fulaij"), A.R. Khalil ("Khalil"), Sayed Jawhary ("Jawhary"), Mashriq Holding Company ("Mashriq"), Humaid Bin Rashid Al Naomi ("Naomi"), and Ali Mohammad Shorafa ("Shorafa") (collectively referred to as the "Nominees"). BCCI thereby violated explicit commitments and statements made at BCCI's direction in the 1980 application to the Board that BCCI would have no interest in the acquisition of First American, that BCCI was not funding the acquisition by the shareholders of their interests in CCAH, and that none of the shareholders held their shares as an unidentified agent for BCCI. In fact, BCCI funded the acquisition of the CCAH shareholders, as detailed in this Notice, and was the actual owner, through these nominee arrangements, of at least 25 percent of CCAH's shares at the time of CCAH's acquisition of First American in April 1982.

D. At least as early as January 1, 1985, BCCI, acting through Ghaith R. Pharaon ("Pharaon"), illegally acquired ownership or control of 25 percent or more of the voting shares of NBG Financial Corporation and its subsidiary, the National Bank of Georgia, Atlanta, Georgia ("NBG"), without the Board's prior approval, in violation of the BHC Act. BCCI later arranged the sale of NBG to CCAH. BCCI concealed its control of NBG from the Board in numerous regulatory filings.

E. At least as early as April 14, 1989, BCCI illegally acquired ownership or control of more than 5 percent of the voting shares of CentTrust Savings Bank, Miami, Florida ("CentTrust"), without prior Board approval as required under Section 4 of the BHC Act (12 U.S.C. 1843).

F. Agha Hasan Abedi ("Abedi"), the president and founder of the BCCI organization, and Swaleh Naqvi ("Naqvi"), a principal officer of BCCI, caused, brought about or participated in the violations of the BHC Act and Regulation Y by BCCI set forth in this Notice. Hasan Mahmood Kazmi ("Kazmi"), the general manager of International Credit and Investment Company (Overseas) Limited ("ICIC Overseas"), assisted Abedi and Naqvi in these actions and thereby caused, brought about or participated in the violations of the BHC Act and Regulation Y set forth in this Notice.

Accordingly, the Board of Governors hereby institutes these proceedings:

(I) for the purpose of assessing a civil money penalty against BCCI Holdings, its two principal bank subsidiaries, and ICIC Overseas for their violations of the BHC Act and Regulation Y pursuant to the provisions of Sections 8(b) and (d) of the BHC Act (12 U.S.C. 1847(b) and (d));

(II) for the purpose of determining whether an appropriate order permanently barring the individual respondents from participating in any manner in the affairs of a United States insured depository institution should be issued against each of them under the provisions of Section 8(e) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1818(e)); and

(III) for the purpose of determining whether an appropriate order to cease and desist should be issued requiring BCCI Holdings, its two principal bank subsidiaries, and ICIC

Overseas to cease and desist from unsafe and unsound practices and violations of law and regulation, and to take other affirmative action, including payment of the Board's investigatory costs, pursuant to the provisions of Section 8(b) of the FDI Act (12 U.S.C. 1818(b)).

In support of this Notice, the Board of Governors alleges the following:

#### JURISDICTION

1. BCCI Holdings is a foreign company existing and doing business under the laws of Luxembourg, and is a company for purposes of the BHC Act. BCCI Holdings owned or controlled Bank of Credit and Commerce International S.A., Luxembourg ("BCCI S.A."), and Bank of Credit and Commerce International (Overseas), George Town, Cayman Islands ("BCCI Overseas"), and, through agents and nominees, CCAH and its subsidiary bank holding companies and U.S. banks, NBG, and the Independence Bank, Encino, California ("Independence").

2. BCCI S.A. is a foreign bank existing and doing business under the laws of Luxembourg, and is a company for purposes of the BHC Act. BCCI S.A. operated agencies in New York, New York, Los Angeles, California, and San Francisco,

California. On July 5, 1991, the Luxembourg Monetary Institute took action to secure control of the assets of BCCI S.A.

3. BCCI Overseas is a foreign bank existing and doing business under the laws of the Cayman Islands, and is a company for purposes of the BHC Act. BCCI Overseas operated agencies in Miami, Tampa, and Boca Raton, Florida. On July 5, the Inspector of Banks and Trust Companies, Cayman Islands, took action to secure control of the assets of BCCI Overseas.

4. ICIC Overseas is a foreign bank existing and doing business under the laws of the Cayman Islands, and is a company for purposes of the BHC Act. On July 5, 1991, the Inspector of Banks and Trust Companies, Cayman Islands, took action to secure control of the assets of ICIC Overseas. ICIC Overseas operated under the control of and at the direction of senior BCCI management, including Abedi and Naqvi, to further the business objectives of BCCI, and acted as the alter ego or agent for BCCI in connection with the acquisition of CCAH and a number of other transactions. The ownership, management, and business activities of BCCI and ICIC Overseas were intermingled and interrelated in such a way that the two groups generally operated as a single entity.

5. By reason of their operation of agencies in the United States, BCCI Holdings, BCCI S.A., and BCCI Overseas were,



at all times pertinent to the charges herein, subject to the provisions of the International Banking Act of 1978 (12 U.S.C. 3101 et seq.) (the "IB Act"), Regulation K (12 C.F.R. Part 211), and Section 8 of the FDI Act (12 U.S.C. 1818). By reason of their ownership or control of the voting shares of CCAH, NBG, and Independence, BCCI Holdings, BCCI S.A., BCCI Overseas, and ICIC Overseas also are and have been, at all times pertinent to the charges herein, bank holding companies, or affiliates thereof, subject to the provisions of the BHC Act and Regulation Y.

6. Abedi was, at all times pertinent to the charges herein, an officer and director of BCCI Holdings and BCCI S.A., and a director of ICIC Overseas. By reason of the positions he held, Abedi was at all times pertinent hereto an institution-affiliated party of BCCI, as defined for the purposes of this Notice by Sections 3(u) and 8(b)(3) and (4) of the FDI Act (12 U.S.C. 1813(u) and 1818(b)(3) and (4)). As an institution-affiliated party, Abedi is subject to the removal and prohibition provisions of the FDI Act (12 U.S.C. 1818(e)).

7. Naqvi was, at all times pertinent to the charges herein, a principal officer of BCCI S.A., BCCI Overseas, and ICIC Overseas. By reason of the positions he held, Naqvi was an institution-affiliated party of BCCI, and is subject to the removal and prohibition provisions of the FDI Act.

8. Kazmi was, at all times pertinent to the charges herein, a principal officer of ICIC Overseas. As such, Kazmi acted as agent for BCCI at the direction of Abedi and Naqvi. By reason of the position he held, Kazmi was an institution-affiliated party of BCCI, and is subject to the removal and prohibition provisions of the FDI Act.

9. Adham, Fulaij, Khalil, and Jawhary are and have been, at all times pertinent to the charges herein, institution-affiliated parties of BCCI, subject to the removal and prohibition provisions of the FDI Act, by reason of their acting as agents or nominees for BCCI and ICIC Overseas, and by virtue of the Board of Governors's determination, in this particular case, that each is an institution-affiliated party who participated in the conduct of the affairs of BCCI.

10. Pharaon is and has been, at all times pertinent to the charges herein, an institution-affiliated party of BCCI, subject to the removal and prohibition provisions of the FDI Act, by reason of his activities as an agent or nominee for BCCI and ICIC Overseas, and by virtue of the Board of Governors's determination, in this particular case, that Pharaon is an institution-affiliated party who participated in the conduct of the affairs of BCCI.

11. Khusro Elley ("Elley") was an employee of BCCI and, thereafter, continued to have a relationship with BCCI. At the relevant times specified in this Notice, Elley was an institution-affiliated party of BCCI, and is subject to the removal and prohibition provisions of the FDI Act.

12. Pursuant to Section 3(q) of the FDI Act (12 U.S.C. 1813(q)) and Section 8(a) of the IB Act (12 U.S.C. 3106(a)), the Board of Governors is the appropriate federal banking agency with jurisdiction over the foreign companies, foreign banks, bank holding companies, institution-affiliated parties, and individuals described in this Notice and has the authority to bring the administrative civil money penalty assessment, cease and desist, and prohibition actions against such entities and individuals pursuant to Sections 8(b) and (d) of the BHC Act and Sections 8(b)(3) and (4) and (e) of the FDI Act.

**FACTUAL ALLEGATIONS**

**I. BCCI ACQUIRED CONTROL OF 25 PERCENT OR MORE OF THE VOTING SHARES OF CCAH AND PARTICIPATED IN THE FINANCING OF CCAH'S FORMATION**

- A. The Board Approved the Formation of CCAH as a Bank Holding Company on the Condition that BCCI Not Fund the Acquisition of CCAH Shares or CCAH's Acquisition of First American Bankshares

Background and Overview

13. CCAH and its direct subsidiary, Credit and Commerce American Investment, B.V., Amsterdam, Netherlands ("CCAI"), are corporations formed in 1978 to acquire control of Financial General Bankshares, Inc., Washington, D.C. ("Financial General") and thereby become bank holding companies. CCAH was formed and initially owned by clients of BCCI. As described later in this Notice, in April 1982 CCAH and CCAI acquired all of the voting shares of Financial General and renamed the company First American. CCAH and CCAI thereby became bank holding companies.

14. In late 1977, Financial General was a multi-bank holding company with subsidiary banks in Maryland, New York, Tennessee, Virginia, and Washington, D.C. Financial General had been in existence since 1925, and its ownership of its then-existing subsidiary banks was exempted from the interstate banking prohibitions of the BHC Act.

15. The subsidiary banks of Financial General and of its successor, First American, are "banks" for purposes of the BHC Act.

16. Abedi, BCCI's founder, stated that he intended that BCCI be a major international bank with offices world-wide. In the late 1970s, BCCI, through Abedi and other top officials, sought to establish a presence in the United States, and particularly in New York, through the purchase of an existing bank.

17. In 1977, BCCI became interested in acquiring the Bank of Commerce, New York, New York, a subsidiary of Financial General. In light of dissension among the Financial General shareholders at that time, and because Abedi felt that BCCI could acquire Financial General for only slightly more than it was willing to pay for Bank of Commerce, BCCI decided to attempt to acquire the entire Financial General organization.

18. Beginning in late 1977, as detailed in this Notice, BCCI, acting through nominees, implemented its plan to establish a banking presence in the United States by acquiring control of more than 25 percent of the shares of Financial General. BCCI's arrangements with the nominees typically included the following: loans to the individuals or corporations to purchase shares of CCAH, subject to side agreements with BCCI

under which the nominees were not liable for servicing or repayment of the loans; share transfer deeds signed in blank; agreements with the nominees under which BCCI was authorized to sell shares and retain the profits for itself; agreements by BCCI to indemnify the nominees against any loss they might sustain on their investments; memoranda of deposit granting BCCI the power to vote the pledged shares; powers of attorney allowing BCCI to dispose of the shares; and agreements to provide the payment of fixed profits and fees to shareholders for their services as nominees.

19. At the time of the initial acquisition of Financial General by CCAH in April 1982, BCCI controlled, by means of these nominee arrangements, 25 percent or more of the voting shares of CCAH. BCCI made a number of additional acquisitions of CCAH shares over the next 9 years, including, among others, acquisitions in December 1982, December 1983, July 1986, and February 1987. At all times from April 1982 through the present, BCCI controlled 25 percent or more of the voting shares of CCAH. Currently BCCI controls approximately 60 percent of CCAH's shares.

20. Prior to December 1990, the documents reflecting BCCI's control over the shares of CCAH, such as agreements with shareholders concerning lack of personal liability on loans to finance the acquisition of CCAH shares, were concealed from

regulatory authorities. These records were maintained in BCCI's overseas offices, sometimes in the private offices of Abedi and Naqvi. In addition, as described above, loans made by various BCCI entities to finance purchases of CCAH shares were often discharged with the proceeds of a loan from a BCCI affiliate, in an elaborate scheme to hide the true financial condition of BCCI.

#### Initial Purchases of Shares

21. BCCI utilized such nominee arrangements because it believed that it could not meet the requirements of the BHC Act and the IB Act to acquire U.S. banks. A senior BCCI official was advised by counsel in the 1980s that BCCI could not obtain Federal Reserve Board approval to acquire U.S. banks.

22. On November 9, 1977, at the suggestion of T. Bertram Lance ("Lance"), Abdus Sami ("Sami"), a senior BCCI officer from its inception and a close associate of Abedi, met with Jackson Stephens ("Stephens") to discuss the purchase by a BCCI client of the interest of Lance and others in NBG. At that time, Lance owned about 12 percent of the shares of NBG. During the meeting, Stephens, who was dissatisfied with his investment in Financial General, told Sami that Financial General might be a good investment for BCCI clients.

23. From December 1977 through February 1978, BCCI, acting through Abedi, Sami, and other agents, purchased almost 20

percent of the voting shares of Financial General. In various official filings with U.S. regulatory authorities, BCCI stated that it made the purchases on behalf of four individuals who were described as clients of BCCI. These four individuals were identified as Adham, Fulaij, Abdullah Darwaish ("Darwaish"), as a representative of Sheikh Mohammad bin Zayed al Nahyan, a minor ("Mohammad"), and Sheikh Sultan bin Zayed al Nahyan ("Sultan").

24. Adham was a Saudi Arabian businessman, and Fulaij was a Kuwaiti businessman. Sultan and Mohammad were two of the sons of the Ruler of Abu Dhabi, one of the United Arab Emirates. Each of the four individuals acquired slightly less than 5 percent of Financial General's shares.

25. Adham, Darwaish, and Sultan stated in later filings with the Securities and Exchange Commission (the "SEC") that the funds for their purchases came from their personal resources. Fulaij, however, borrowed the funds required to purchase his shares from Kuwait International Finance Company ("KIFCO"), an affiliate of BCCI.

26. On January 30, 1978, Sami sent a telex to Abedi to brief him concerning the purchase of Financial General shares. He referred to BCCI's "intention to acquire control" of Financial General, and informed Abedi that Sami had retained Clark M. Clifford ("Clifford") as chief counsel to handle any takeover



litigation and the necessary filings with the Board of Governors under the BHC Act. In the same telex, Sami noted the need to keep each individual shareholder's stake under 5 percent, presumably in order to avoid required SEC filing requirements and the requirements of the BHC Act. Indicating that he "had already given the names of" Adham and Fulaij, Sami told Abedi that "we want two other names immediately." Sami also noted that "we must be careful that our name [BCCI] does not appear as financier to most of [the investors] for this acquisition."

27. On February 17, 1978, Financial General filed a lawsuit in federal district court in Washington, D.C. against BCCI, Abedi, and other individuals who assisted in the purchases of Financial General shares by the four BCCI clients. Among other things, the complaint alleged that the defendants, including BCCI and Abedi, had violated Section 13(d) of the Securities Exchange Act by failing to make required filings under that section. Section 13(d) requires that any person or group acting for the purpose of acquiring or holding securities of an issuer that directly or indirectly acquires the beneficial ownership of more than 5 percent of the equity securities of an issuer must provide a schedule setting forth specified information related to the purchases.

28. On March 17, 1978, the SEC filed a separate lawsuit in federal district court in Washington, D.C. against

BCCI, Abedi, the four BCCI clients (Adham, Fulaij, Darwaish, and Sultan), and other individuals involved in the share purchases, alleging that the defendants had violated Section 13(d) of the Securities Exchange Act.

29. On that same day, each of the defendants in the SEC lawsuit, without admitting or denying the SEC's allegations, consented to the entry of a consent judgment that included an injunction prohibiting them from violating Section 13(d) and related SEC regulations. In addition, as part of the consent judgment, ICIC Overseas and the four BCCI clients represented that ICIC Overseas and/or one or more of the four BCCI clients would make a tender offer for all of the Financial General shares, subject to obtaining the necessary approvals.

30. On April 27, 1978, the federal district court issued a preliminary injunction against BCCI, Abedi, and the other defendants in the Financial General lawsuit. In its opinion, the court found that Financial General was likely to prevail on the merits of its claim that BCCI, Abedi, and the other defendants had violated Section 13(d) of the Securities Exchange Act by acquiring as a group more than 5 percent of the shares of Financial General without making the required disclosures. The court ordered the defendants, before acquiring any additional shares or making a tender offer for the shares, to

rescind the prior purchases of Financial General shares that had been made in the open market.

31. The federal district court made specific findings with respect to the role of BCCI and Abedi in the purchase of shares of Financial General. Specifically, the court found, among other things, that:

(a) the four BCCI clients relied heavily, if not exclusively, on the recommendation of Abedi and BCCI in deciding to purchase Financial General shares;

(b) Abedi, Sami, and other agents of BCCI were actively involved in efforts to purchase Financial General shares from existing shareholders;

(c) in early December 1977, BCCI's agents sought to purchase a percentage of Financial General shares substantially in excess of any amount for which Abedi then had purchasers;

(d) Abedi and BCCI recommended the purchase of Financial General shares only to the four BCCI clients who later purchased shares;

(e) two of the clients, Adham and Darwaish, had given BCCI extremely broad authority with respect to holding the Financial General shares on their behalf, including the power to vote the shares; and

(f) Abedi, BCCI, their agents, and the BCCI clients agreed to pool the voting power of the shares owned by the four BCCI clients with the voting power of the Financial General shares already controlled by BCCI's agents for the purpose of exerting a significant influence on the management of Financial General.

32. In or about July and August 1978, CCAH and its wholly owned subsidiary, CCAI, were formed at the direction of BCCI as vehicles for acquiring shares of Financial General. In statements filed with the SEC, BCCI, Abedi, and the four BCCI

clients stated that BCCI would have no interest in CCAH, but that ICIC Overseas would own less than 5 percent of the shares of CCAH.

33. In late 1978, Sultan decided to terminate his investment in Financial General. Sultan sold his shares to Adham on October 18, 1978. Adham stated in filings with the SEC that the funds used to purchase the shares were obtained from his personal resources.

#### The 1978 Application

34. On October 19, 1978, CCAH and CCAI filed an application (the "1978 Application") with the Federal Reserve for prior approval under Section 3(a)(1) of the BHC Act (12 U.S.C. 1842(a)(1)) to acquire all of the voting shares of Financial General.

35. According to the 1978 Application, Adham, Fulaij and Darwaish would contribute all of their shares of Financial General to CCAI in return for shares of CCAH. CCAI would then make a tender offer for all of the Financial General shares it did not already own.

36. The 1978 Application stated that the cash required to make the tender offer, approximately \$70 million, would be obtained from a limited number of investors in return for shares

of CCAH. It stated that "[t]he proposed individual investors in CCAH have substantial personal funds and it is contemplated that the funds to be used by each of them to purchase the equity interest in CCAH will be provided from their personal funds and possibly from personal borrowings [of up to \$20 million] from one or more financial institutions (which would be unaffiliated with BCCI or any of its affiliates). . . . Such investors intend that if personal borrowings are made, Financial General Shares purchased pursuant to the Offer will not serve as collateral for such borrowings." Counsel for CCAH, Robert A. Altman ("Altman"), advised the Board that "neither BCCI nor any other organization related to BCCI contemplates owning any equity interest in CCAH."

37. The proposed shareholders of CCAH included ICIC Overseas (4.5%), Adham (24%), Darwaish (24%), Fulaij (24%), and several other Middle Eastern individuals and companies.

38. On January 26, 1979, in light of the stated opposition of Financial General to the 1978 Application, the Attorney General of Maryland issued an opinion stating that the acquisition by CCAH and CCAI of Financial General's Maryland subsidiary bank would violate Maryland law, which made it unlawful for a Maryland bank to have an affiliation to which the bank has not consented.

39. In an order dated February 16, 1979, the Board dismissed the 1978 Application of CCAH and CCAI, stating that approval of the application would violate Maryland law. The Board's order did not address other issues raised by the 1978 Application.

The 1980 Application

40. In a statement dated April 3, 1980, Adham solicited proxies from Financial General shareholders for the 1980 shareholders' meeting in support of a resolution favoring a proposed tender offer by CCAI and CCAH for Financial General shares.

41. Adham's proposal was narrowly defeated at Financial General's 1980 shareholders' meeting. Following the meeting, however, the management of Financial General resolved its differences with the BCCI-led group. On July 25, 1980, Financial General entered into a definitive agreement with CCAH, CCAI, and the three BCCI clients -- Adham, Fulaij, and Darwaish. Under the agreement, CCAI would make a tender offer for Financial General shares at an increased price per share and Financial General would cooperate with the offer.

42. On November 25, 1980, CCAH and CCAI again filed an application (the "Application") with the Board of Governors for

prior approval to become bank holding companies by acquiring control of Financial General.

43. The Application stated that, as in the 1978 Application, the shares of Financial General held by the BCCI clients would be contributed to CCAI in return for shares of CCAH and a tender offer would be made for the remaining shares.

44. The Application, as amended, disclosed that the funds needed to finance the acquisition, approximately \$180 million, would come from three sources: (1) the equity contributions to CCAH by Adham, Fulaij, and Darwaish, (2) the sale of shares of CCAH to the three BCCI clients and other investors, and (3) a loan in the amount of \$50 million. Of the funds raised, \$12 million would be injected as capital into Financial General.

45. The Application stated that the investors in CCAH shares would make the investment with their own funds. The Application stated that "no principal of [CCAH or CCAI] will retain any personal indebtedness in connection with this transaction" and that "all of the investors in CCAH have substantial funds and the funds to be used by each of them to purchase their equity interest in CCAH will be provided from their personal funds." Also submitted as part of the Application was Adham's April 1980 proxy statement, which stated that the

funds to finance the tender offer would be provided by Adham and the other proposed shareholders in CCAH "from their personal funds and from personal borrowings from one or more financial institutions with which each has had financial relations for several years and which will not be affiliated with BCCI or any of BCCI's affiliates."

46. The applicants informed the Board that \$50 million would be borrowed from the Banque Arabe et Internationale d'Investissement, Paris, France ("BAII"), a commercial and investment bank. The loan would be secured by all of the Financial General shares acquired in the tender offer. The applicants created a wholly owned subsidiary of CCAI, FGB Holding Corporation, Washington, D.C. ("FGBHC"), to be the borrower. FGBHC also applied to the Board for prior approval to acquire Financial General.

47. The applicants identified the following individuals and companies, along with their proposed shareholdings, as the initial investors in CCAH. The amount of each shareholder's initial investment, and his or its percentage ownership of CCAH, is also shown:

<u>Name</u>	<u>Percentage of Ownership</u>	<u>Initial Investment (millions)</u>
Adham	19.05%	\$34.3
Darwaish, for Mohammad	13.72%	24.7



Fulaij	7.18%	12.9
Abu Dhabi Investment Authority ("ADIA")	8.24%	14.8
Stock Holding Company ("Stock Holding"), a personal holding company for Sheikh Rashid Bin Said al Maktoum, Ruler of the Emirate of Dubai	8.24%	14.8
Crescent Holding Company ("Crescent"), a personal holding company for Sheikh Mohammad Bin Rashid al Maktoum, son of the Ruler of Dubai	8.24%	14.8
Khalil, a Saudi Arabian businessman	8.24%	14.8
Mashriq, a corporation wholly owned by Sheikh Hamad bin Mohammad al- Sharqi ("Sharqi"), Ruler of the Emirate of Fujeirah	7.66%	13.8
Naomi, Ruler of the Emirate of Ajman	7.07%	12.7
Shorafa, a government official of the United Arab Emirates	6.48%	11.7
Mohammad Hussain Qabazard ("Qabazard")	2.94%	5.3
Gulf Investment & Real Estate Co. ("Gulf Investment")	1.47%	2.6
Real Estate Development Co. ("Real Estate")	0.88%	1.6
Jawhary (then known as El Sayed El Sayed El Gohari), a personal representative of and advisor to Adham	0.59%	1.1

48. With respect to the role of BCCI, the applicants assured the Board that there was no relationship between CCAH and BCCI, except that BCCI acted as an investment advisor to several of the foreign investors, including Adham and Fulaij. The Application stated that "BCCI owns no shares of [Financial General], CCAH or CCAI, either directly or indirectly, nor will it if the application is approved. Neither is it a lender, nor will it be, with respect to the acquisition by any of the investors of either [Financial General], CCAI or CCAH shares." In a written response to questions concerning the relationship between BCCI and CCAH, Altman stated: "With regard to the stockholders of CCAH, all holdings constitute personal investments. None are held as an unidentified agent for another individual or organization."

49. In a letter dated March 12, 1981, commenting on the Application, the Office of the Comptroller of the Currency (the "OCC"), the primary regulator of several Financial General banks, stated that various concerns it had raised with regard to the 1978 Application had now been addressed. In particular, the OCC cited the representation by the applicants' counsel that BCCI would have no involvement with the management of Financial General or with the financing of the proposal. According to the OCC, "[t]his commitment is critical, both now and in the future, since such a relationship with another financial institution would be a significant factor in appraising this application."

. . . [A]ny enhanced direct or indirect affiliation or relationship between BCCI and Financial General would take on even greater significance in light of the fact that BCCI is not subject to regulation and supervision on a consolidated basis by a single bank supervisory authority." The OCC also noted that it was informed that none of the investors would borrow to finance their respective equity contributions.

50. On April 23, 1981, a hearing on the Application was held before Board staff and representatives of the OCC and three state bank regulatory agencies. The applicants were represented at the hearing by Clifford and Altman. Adham, Fulaij, Khalil, and Jawhary were also present and testified on the record at the hearing. Adham, who would be the largest shareholder of CCAH, was introduced at the hearing as the individual who represented the views and positions of the other shareholders, and Fulaij, Khalil, and Jawhary confirmed this representation.

51. At the hearing, Adham confirmed the representation made in the Application with regard to the role of BCCI in the proposal. Adham said: "There is, however, no understanding or arrangement regarding any future relationship or proposed transactions between Financial General and BCCI." Adham further stated, "I think that from the line of questions, it appears that there is doubt that there is somebody or BCCI is behind all of

this deal. I would like to assure you that each one on his own rights will not accept in any way to be a cover for somebody else. . . . We don't need anybody to use us, to be a cover for them. We are doing it for ourselves." In response to a question about the relationship between CCAH and CCAI and BCCI, Altman stated "there is no connection between those entities [CCAH and CCAI] and BCCI in terms of ownership or other relationship." In this regard, Clifford stated that "[t]here is no function of any kind on the part of BCCI. . . . I know of no present relationship. I know of no planned future relationship that exists . . . ."

52. At the hearing, Adham, Fulaij, Khalil, and Jawhary stated that they did not intend to take an active role in the management of the banks to be acquired.

53. The representations made by the applicants, CCAH shareholders, and their counsel before the Board were representations of BCCI because BCCI intended to be, and was in fact, the principal shareholder of CCAH and caused such representations to be made in the Application, in related materials, and at the hearing.

54. Adham, Fulaij, Khalil, and Jawhary appeared at the hearing, the principal focus of which was the relationship between BCCI and CCAH, were aware of the representations made to

the Board in the Application and at the hearing concerning this issue, and are bound by those representations.

The Board's Approval of the Application

55. On August 25, 1981, the Board, based on the entire record, including the representations and commitments of the applicants and their shareholders, issued an order approving the applications of CCAH, CCAI, and FGBHC to become bank holding companies by acquiring Financial General.

56. On March 2, 1982, the New York State Banking Board approved CCAH's application to acquire Financial General under New York law after CCAH agreed to divest Financial General's New York subsidiary, the Bank of Commerce, after obtaining control of Financial General.

57. On March 2, 1982, FGBHC made a tender offer to purchase for cash all the shares of Financial General at a price of \$33.80 a share. The transaction was consummated on April 16, 1982.

58. As a result of the tender offer and the contributions of Financial General shares by Adham, Fulaij, and Darwaish, CCAH, indirectly through CCAI and FGBHC, owned and controlled at least 96 percent of the shares of Financial General as of April 16, 1982. Subsequently, in August 1982, Financial

General changed its name to First American, and FGBHC changed its name to First American Corporation ("FAC").

59. Clifford became a managing director of CCAH and chairman of First American. Other CCAH directors were Altman, Stuart Symington, and Elwood Quesada. Altman was also a director of First American and president of its direct parent company, FAC.

BCCI Involvement in Capitalization of CCAH

60. CCAH's initial capitalization consisted of 100,000 shares with a book value and sale price of \$1800 per share. Shares were distributed to the investors described in the Application and identified in paragraph 47.

61. In August 1982, CCAH issued \$30 million in additional stock, at a price of \$1800 per share, to raise additional capital to purchase Class A shares of Financial General. The bulk of the new issue of shares (11,087 out of 16,700 new shares issued) was purchased by a new shareholder, Sheikh Khalifa bin Zayed al Nahyan ("Khalifa"), the Crown Prince of Abu Dhabi. These shares were purchased with funds drawn by Naqvi from Khalifa's personal account at BCCI. Of the existing shareholders of CCAH, only three -- Fulaij, Khalil and Shorafa -- were offered and purchased additional shares at this time. Each of these three individuals made the acquisition with the proceeds

of a loan from BCCI or ICIC Overseas. An Appendix, which is incorporated here as if fully set forth in this Notice, shows the ownership of CCAH after the August 1982 stock offering.

62. From the initial acquisition of Financial General in 1982 through 1989, CCAH periodically increased its capital by engaging in rights offerings, which gave existing shareholders the right to purchase newly issued shares of CCAH at book value without dilution of their percentage ownership of CCAH. The rights offerings, and the number of shares issued and the total amount of funds raised in each offering, were as follows:

<u>Month/Year</u>	<u>No. of Shares</u>	<u>Share Price</u>	<u>Total Raised</u>
Dec. 1983	39,375	\$ 1905	\$ 75,009,375
Jul. 1986	67,690	2216	150,001,040
Aug. 1987	47,330	2430	115,011,900
Jul. 1989	18,025	2774	50,001,350

The Appendix shows the ownership of CCAH after each of these rights offerings, as well as the other transactions in CCAH shares over the years.

B. BCCI Acquired and Retains Indirect Control Over More Than 25 Percent of the Voting Shares of CCAH Through Nominees

63. In providing initial capital for CCAH on March 2, 1982, and in the subsequent stock or rights offerings, several of the individual CCAH shareholders, including specifically, Adham, Fulaij, Khalil, Jawhary, Mashriq, and Naomi, acted as nominees for BCCI, and BCCI provided them with the funds to purchase their CCAH shares. As a result of these and other arrangements described in this Notice, BCCI indirectly acquired control of the CCAH shares purchased in the names of the nominee shareholders. The arrangements are described in the following paragraphs.

Nominee Arrangements with Kamal Adham

64. On March 2, 1982, Adham acquired 19,050 shares of CCAH by trading his existing Financial General shares for shares of CCAH and paying an additional \$13,110,118 in cash. Despite his representation to the Board of Governors that he would acquire CCAH shares with his own funds and without the involvement of BCCI, Adham borrowed \$13,110,118 from BCCI to pay the cash portion of the acquisition price.

65. On December 21, 1982, BCCI acquired 15,050 shares from Adham for \$27,090,000, but kept them registered in Adham's name. Adham later re-registered the remaining 4000 shares in the name of Adham Corporation, a corporation wholly owned by him.



Thereafter, 15,050 shares registered in Adham's name were available to be assigned or sold by BCCI to selected buyers as and when BCCI desired. BCCI booked the \$27,090,000 purchase price for the 15,050 shares, plus interest, less adjustments, as a loan to Adham from ICIC Overseas, and used the proceeds to discharge Adham's loan accounts at BCCI. In June 1983, BCCI extended two loans to Adham to discharge the \$27,090,000 loan from ICIC Overseas. These loans have never been serviced or repaid to any significant extent.

66. In 1983, BCCI purchased additional CCAH shares in the name of Adham in a rights offering and related transactions. First, on December 19, 1983, BCCI purchased in the name of Adham the 2940 shares originally acquired by Qabazard. The purchase price of \$2,044,915.40 was advanced to Adham by ICIC Overseas. Next, on December 20, 1983, BCCI purchased in the name of Adham 1470 shares held by Gulf Investment. Funds for this transaction were also borrowed from ICIC Overseas. On December 22, 1983, BCCI accepted in the name of Adham 6564 shares offered to Adham pursuant to the 1983 rights offering, and purchased in Adham's name 295 rights shares waived by Real Estate. At the same time, BCCI caused Adham to waive his right to receive an additional 1351 shares as part of the rights offering. BCCI or ICIC Overseas loaned the purchase price for these acquisitions, and secured the loans with the shares. As of year-end 1983, 26,319

shares of CCAH were controlled by BCCI in the name of Adham, representing 16.86 percent of CCAH shares.

67. As set forth in this Notice, BCCI also took part in the 1986 rights offering of CCAH shares through Adham. On July 25, 1986, BCCI acquired control over 8544 shares in Adham's name. BCCI or ICIC Overseas advanced the \$18,933,504 purchase price for the acquisition of the shares acquired in Adham's name in the rights offering, and pledged the shares to secure the loan.

68. On August 2, 1987, ICIC Overseas wrote to Adham to assure him that his loans would be repaid with the proceeds of a sale of the pledged shares, and that Adham would have no liability for any deficiency. Among the loans referred to was a loan of \$8.2 million secured by shares of CCAH.

69. In the 1987 and 1989 rights offerings, BCCI again acquired control over more CCAH shares registered in the name of Adham. In each case, BCCI or ICIC Overseas loaned the purchase price for the shares, and secured the loans with the shares.

70. On April 6, 1988, Adham wrote to ICIC Overseas regarding shares of CCAH held in his name and the loans made to buy those shares. In that letter, Adham granted to ICIC Overseas full authority to obtain additional shares of CCAH in Adham's

name through future rights offerings and to increase Adham's loan account for that purpose, or to renounce rights shares; to apply all dividends received from the shares to repay loans and advances; and to dispose of any or all shares held in Adham's name and apply the proceeds to repay loans and advances. In exchange for this grant of authority, ICIC Overseas agreed to indemnify Adham in respect of any claims relating to outstanding loans, and agreed that its only source of repayment for such loans would be the proceeds of a sale of those shares. On April 10, 1988, BCCI agreed to these terms and stated that "the advances outstanding will be adjusted only by recourse against the securities held by us as stated" in Adham's letter.

71. None of the loans extended by BCCI or ICIC Overseas for the purchase of CCAH shares held in the name of Adham has been repaid or serviced to any substantial extent except through other loans from BCCI or ICIC Overseas.

72. By means of the arrangements described above, BCCI had, by no later than December 21, 1982, acquired control over the CCAH shares held in the name of Adham. CCAH shares held in Adham's name by BCCI comprised 12.9 percent of CCAH voting shares as of December 1982, increased to 16.86 percent as of December 1983, and fell to 12.62 percent as of July 25, 1986.

73. As set forth in this Notice, Adham also permitted BCCI to use his name to conceal from the Board the fact that BCCI was indirectly funding or supporting the initial \$50 million loan from BAIH to FAC. While Adham was named as a personal guarantor and agreed to pledge a deposit of \$30 million to secure the BAIH loan, BCCI provided the \$30 million to BAIH in Adham's name and agreed to indemnify him for any loss he might sustain as a result of the guarantee. As further set forth in this Notice, Adham also was identified by BCCI as the lender in loans to CCAH in which BCCI supplied the funds. These transactions demonstrate further Adham's status as an agent for BCCI in connection with CCAH.

74. In addition to the profit Adham realized in the December 21, 1982 sale of his shares to BCCI, BCCI paid Adham at least \$2,000,000 to compensate him for acting as its nominee.

Nominee Arrangements with Fulaij

75. Fulaij is a Kuwaiti businessman, and was for some period the chairman of KIFCO, an affiliate of BCCI.

76. In March 1978, as part of the plan to acquire Financial General, Fulaij purchased 278,860 shares of Financial General with funds advanced by KIFCO, securing the loan with the acquired shares.

77. In December 1979, Fulaij entered into an agreement with ICIC Overseas pursuant to which ICIC Overseas would refer investments to Fulaij, Fulaij would make such investments, and ICIC Overseas and Fulaij would divide the profit derived from such investments in accordance with a schedule that provided ICIC Overseas with 75 percent of the net profit on investments made in countries outside the Middle East. Under the agreement, ICIC Overseas would provide financing for the investments, and the management and control of the businesses in which the investments were to be made would be the exclusive responsibility of ICIC Overseas or its designee.

78. On March 2, 1982, Fulaij acquired 7180 shares of CCAH, and substituted those shares for the shares of Financial General held by KIFCO to secure the loan made in March 1978.

79. In addition, as described above, on August 26, 1982, Fulaij acquired an additional 2835 CCAH shares pursuant to the August 1982 stock issuance, with funds borrowed from BCCI, and pledged the shares to secure the loan.

80. On November 22, 1982, Naqvi, on behalf of BCCI, wrote to Fulaij to confirm that his investment in 10,015 shares in CCAH "ha[s] been so structured and financed that you shall have no liability whatsoever as to any loans, costs, expenses. . . . In the unlikely event of any claims or demands made on

you, we guarantee on behalf of the other investors, that we shall ensure that you would have no financial liability toward such claims."

81. Pursuant to the agreements described above, on December 22, 1983, BCCI acquired control over an additional 3378 voting shares of CCAH purchased in Fulaij's name in a rights offering. BCCI or ICIC Overseas financed the purchase price of \$6,435,090, and secured the loan with the shares.

82. Pursuant to the agreements described above, on February 2, 1985, BCCI acquired control over 880 shares of CCAH purchased in Fulaij's name from Real Estate. BCCI or ICIC Overseas financed the purchase price of \$1,848,000, and the additional shares were pledged to secure the loan. Following that purchase, 14,273 voting shares of CCAH, representing 9.15 percent of the outstanding voting shares of CCAH, were held in the name of Fulaij but were owned or controlled by BCCI.

83. In a February 16, 1985, letter to ICIC Overseas, Fulaij confirmed that ICIC Overseas was managing the 14,273 shares of CCAH held in Fulaij's name. The letter authorized ICIC Overseas to purchase additional shares in Fulaij's name, to arrange financing for any such purchases, to subscribe to or renounce rights shares allocated to his holdings of CCAH shares, to dispose of any CCAH shares, and to apply the sale proceeds to

repay the loans. Fulaij confirmed that he "shall neither be entitled to surplus, if any, on the sale of the shares after adjusting the funding or financing against the same; nor shall I have any liability for adjustment of the funding or financing for any reason whatsoever." In connection with this letter, Fulaij executed and delivered to BCCI blank share transfer deeds, a power of attorney in favor of ICIC Overseas authorizing it to deal with the CCAH shares, and a memorandum of deposit authorizing BCCI to sell his shares of CCAH to repay outstanding loans from BCCI.

84. Between at least October 10, 1985 and January 30, 1990, Naqvi, on behalf of both BCCI and ICIC Overseas, wrote to Fulaij on several occasions confirming that various loan accounts at the two institutions were fully covered by pledges of shares, including shares of CCAH, and that Fulaij had no personal liability for the loans. In addition to shares of CCAH, some of the loans referenced in these letters were secured by shares of other entities, including BCCI.

85. On July 25, 1986, BCCI acquired control over 6190 shares of CCAH purchased in Fulaij's name in a rights offering. BCCI or ICIC Overseas financed the purchase price of \$13,717,040, and the additional shares were pledged to secure the loan.

86. On September 1, 1986, Fulaij executed a power of attorney in favor of ICIC Overseas to acquire, obtain financing for, sell, and otherwise deal with investments in CCAH. In connection with that power of attorney, on September 29, 1986, Naqvi, on behalf of ICIC Overseas, wrote to Fulaij confirming that his loans were fully secured by shares of CCAH and that Fulaij would incur no personal liability for repayment of the loans.

87. BCCI also acquired control over CCAH shares purchased in the name of Fulaij in connection with the 1987 and 1989 rights offerings. In each case, BCCI or ICIC Overseas advanced the funds to purchase the shares, and the shares were pledged to secure the loans.

88. As set forth in this Notice, Fulaij also allowed BCCI to use his name in connection with the \$50 million loan from BAI to FAC, which Fulaij personally guaranteed but for which he received a full indemnity from BCCI.

89. None of the loans extended by BCCI or ICIC Overseas for the purchase of CCAH shares held in the name of Fulaij has been repaid or serviced to any substantial extent except through other loans from BCCI or ICIC Overseas.



90. By means of the arrangements described above, BCCI had, by March 2, 1982, acquired control over the CCAH shares held in the name of Fulaij. Fulaij's holdings comprised 7.18 percent of CCAH shares as of March 2, 1982, increased to 8.58 percent as of year-end 1982, and increased again to 9.15 percent of CCAH voting shares by year-end 1985.

91. In connection with the arrangements described in this Notice, BCCI or ICIC Overseas paid Fulaij a fixed fee of \$100,000 per year from 1986 through 1989. In 1990, BCCI or ICIC Overseas paid Fulaij an additional \$606,000 for his services as a nominee.

Nominee Arrangements with Khalil

92. Khalil is a Middle Eastern businessman. Khalil borrowed the purchase price of the 8240 CCAH shares he acquired in March 1982 from BCCI. In August 1982 and in December 1983 he acquired additional shares of CCAH, again borrowing the purchase price from BCCI or ICIC Overseas. All of the CCAH shares purchased by Khalil were pledged to secure the loans.

93. Internal BCCI documents identify Khalil's shares of CCAH to be among the shares that it controlled as early as December 31, 1983. Those shares comprised 8.49 percent of the outstanding voting shares of CCAH as of that date.

94. In February 1987, Khalil entered into an agreement with BCCI pursuant to which Khalil was paid \$15 million as profit on his 13,250 shares of CCAH and for the use of his name by BCCI on investment transactions through December 1986, including the acquisition of 13,250 CCAH shares and at least 1.8 million BCCI shares. BCCI further agreed that Khalil would have no liability for any loans secured by shares of CCAH, and that such loans would be paid from the proceeds of the sale of the CCAH shares. Khalil also agreed to execute all necessary documents to transfer title to the shares. BCCI continued to register the shares in Khalil's name, although they were in fact owned by BCCI.

95. By means of the arrangements described above, BCCI had, by at least February 1987, and possibly as early as March 1982, acquired control of the CCAH shares held in the name of Khalil. Khalil's holdings comprised 5.92 percent of CCAH voting shares as of February 1987, 4.89 percent as of year-end 1987, and 4.58 percent as of year-end 1989.

Nominee Arrangement with Jawhary

96. Jawhary is an advisor to Adham. Jawhary borrowed the purchase price of the 590 CCAH shares he acquired in March 1982 from BCCI. That loan was partially repaid in April 1983 with the proceeds of a loan from ICIC Overseas.

97. Jawhary purchased more CCAH shares at the rights offerings in 1983, 1986, 1987, and 1989. Each time, Jawhary borrowed the purchase price from BCCI or ICIC, which secured the loan with the purchased shares. These BCCI and ICIC Overseas loans have not been repaid.

98. Internal BCCI records list Jawhary's shares of CCAH to be among the shares that it controlled as early as December 31, 1983. Those shares comprised 0.51 percent of the outstanding voting shares of CCAH as of that date.

99. In April 1988, BCCI confirmed in writing to Jawhary that loans to him would be repaid only with the proceeds of any sale of the CCAH shares held as collateral for the loans, and that Jawhary had no personal liability for the loans.

100. Jawhary was paid \$150,000 per year for holding CCAH and BCCI shares as a nominee for BCCI.

101. None of the loans extended by BCCI or ICIC Overseas for the purchase of CCAH shares held in the name of Jawhary has been repaid or serviced to any substantial extent except through other loans from BCCI or ICIC Overseas.

102. By means of the arrangements described above, BCCI had, by at least as early as April 1988, acquired control

over the CCAH shares held in Jawhary's name. Jawhary's holdings comprised 0.51 percent of CCAH voting shares as of April 1988.

Nominee Arrangements with Shorafa

103. Shorafa was at the time of the 1980 Application the Director of Presidential Affairs for the United Arab Emirates. He was an original investor in CCAH. Shorafa borrowed the purchase price of the 6480 CCAH shares he acquired in March 1982 from ICIC Overseas. That loan was repaid on June 29, 1983 with the proceeds of another loan from BCCI, which remains outstanding and which has not been serviced to any significant extent.

104. As described above, Shorafa acquired 1111 additional shares of CCAH on August 26, 1982. BCCI loaned the purchase price for this acquisition to Shorafa, and secured the loan with the additional shares.

105. In December 1983, Shorafa acquired 2563 additional shares of CCAH in a rights offering. ICIC Overseas loaned Shorafa the purchase price for the acquisition, and secured the loan with the additional shares.

106. In the summer of 1985, BCCI paid Shorafa a fee of \$300,000 for his services as a nominee in connection with the 10,154 CCAH shares held in his name prior to that date, and

entered into a new nominee agreement with him on July 31, 1985. Under that new agreement, Shorafa authorized ICIC Overseas to acquire an additional 10,000 shares of CCAH (later increased by another 10,000 shares), of which 500 shares would be beneficially owned by Shorafa at an assigned investment value of \$1,300,000. ICIC Overseas guaranteed a fixed profit of 15 percent per annum, less financing costs, on the shares beneficially owned by Shorafa. With respect to the remaining shares, Shorafa authorized ICIC Overseas to dispose of such shares within five years in such a manner that any gain or loss from the sale of the shares would not accrue to Shorafa. In connection with the agreement, Shorafa executed powers of attorney in favor of Abedi and ICIC Overseas, empowering either of them to acquire and manage investments in shares of CCAH, to arrange for financing in connection with those investments, to pledge CCAH shares for such financing, to sell or transfer CCAH shares, and to subscribe for or renounce shares issued in any rights offering of CCAH. Shorafa also executed an undated memorandum of deposit covering his shares of CCAH, which gave BCCI the right, among other powers, to vote those shares.

107. In addition to the fixed percentage return on the 500 CCAH shares beneficially owned by Shorafa, Shorafa also received from BCCI or its affiliates a fixed fee for the portion of his CCAH shares beneficially owned by BCCI. After July 1,

1985, Shorafa was paid a fee of \$100,000 per year until June 1987 in consideration for his acting as BCCI's nominee.

108. On June 30, 1987, Shorafa sent a letter to ICIC Overseas setting forth the details of the arrangement between Shorafa and ICIC Overseas regarding the CCAH shares held in Shorafa's name. The letter reiterated the arrangements set forth in the agreement of July 31, 1985 with respect to the 15 percent return, less financing costs, on the 500 shares of CCAH held for the benefit of Shorafa, and reiterated that ICIC Overseas would be responsible for the remaining shares. In that connection, the June 30, 1987, letter recited that Shorafa had delivered share scrips and blank transfer forms so as to permit ICIC Overseas to dispose of the CCAH shares at its discretion. The letter specified that in consideration of his agreements, Shorafa would receive a fixed profit of \$250,000 per year until such time as ICIC Overseas disposed of all CCAH shares held in Shorafa's name.

109. Periodically, including on September 1, 1987 and March 1, 1989, BCCI and ICIC Overseas provided Shorafa with written confirmation that his loan balances would be fully covered by shares of CCAH registered in Shorafa's name, that the loans would be repaid only from the proceeds of the sale of such shares, and that Shorafa would have no personal liability for any deficiency.

110. As described in this Notice, BCCI acquired control over 12,096 additional shares of CCAH purchased in Shorafa's name in connection with the 1986 rights offering, of which 5365 were already in the control of BCCI through another nominee. BCCI or ICIC Overseas loaned the purchase price for the shares acquired in Shorafa's name in July 1986, and secured the loans with the acquired stock.

111. In addition, the following transactions occurred with respect to CCAH shares held in the name of Shorafa:

(a) On August 14, 1987, BCCI caused Shorafa's account to acquire 4706 shares of CCAH in a rights offering at a price of \$2430 per share. BCCI or ICIC Overseas financed the purchase price of \$11,435,580, and secured the loan with the CCAH shares.

(b) On July 18, 1989, BCCI caused Shorafa's account to acquire 1792 shares of CCAH in a rights offering at a price of \$2774 per share. BCCI or ICIC Overseas financed the purchase price of \$4,971,009, and secured the loan with the CCAH shares.

112. From approximately 1986 through 1990, BCCI paid Shorafa approximately \$341,000 per year for holding both BCCI and CCAH shares as a nominee for BCCI.

113. None of the loans extended by BCCI and ICIC Overseas for the purchase of CCAH shares held in the name of

Shorafa has been repaid or serviced to any substantial extent except through other loans from BCCI or ICIC Overseas.

114. By means of the arrangements described above, BCCI had acquired control over all but 500 of the CCAH shares held in the name of Shorafa as early as March 2, 1982. BCCI's control of shares in the name of Shorafa comprised 5.98 percent of CCAH shares as of March 2, 1982, and by July 31, 1986 had increased to 9.7 percent.

Nominee Arrangements with Mashriq

115. Mashriq is a personal holding company for Sharqi, the Ruler of the Emirate of Fujeirah, one of the United Arab Emirates.

116. In a letter dated October 1, 1980, Abedi, on behalf of BCCI, wrote to Sharqi concerning Sharqi's proposed participation in CCAH. Abedi assured Sharqi that whenever Sharqi desired to dispose of his CCAH shares, BCCI would arrange for their sale in such a manner that Sharqi would incur no liability or loss in respect of the investment. By means of this and later agreements, BCCI obtained control over shares of CCAH eventually held in the name of Sharqi or his companies, including Mashriq.

117. On March 2, 1982, in connection with the initial acquisition of Financial General, BCCI acquired control over at



least 6660 of the 7660 shares of CCAH purchased in the name of Mashriq, representing 6.66 percent of CCAH's outstanding voting shares. Mashriq's initial acquisition of CCAH shares was financed by a loan from ICIC Overseas for the purchase price of \$13,788,000. The loan was repaid in June 1983 with the proceeds of a separate loan to Mashriq from BCCI, which remains outstanding and has not been serviced except through additional loans from BCCI and ICIC Overseas.

118. On December 22, 1983, BCCI acquired control over 2583 additional shares of CCAH purchased in the name of Mashriq in a rights offering. ICIC Overseas loaned Mashriq the purchase price of \$4,920,615, and secured the loan with the CCAH shares. As of year-end 1983, the 9243 of the 10,243 CCAH shares held in Mashriq's name were controlled by BCCI, representing 5.92 percent of the outstanding voting shares of CCAH.

119. On July 31, 1985, Sharqi, on behalf of Mashriq, entered into an amended agreement with ICIC Overseas concerning the shares of CCAH held in the name of Mashriq. The agreement provided that: (a) of the 10,248 CCAH shares held in the name of Mashriq, Mashriq would retain beneficial ownership of 1000 shares at an agreed investment cost of \$2,600,000; (b) ICIC Overseas would guarantee Mashriq a fixed profit of 15 percent per year, after payment of financing costs, on the investment cost associated with those 1000 shares; and (c) ICIC Overseas would

dispose of the balance of Mashriq's CCAH shares within five years in such a manner that Mashriq would incur no liability and would enjoy no profit in connection with the sale of such shares. The profit on the sale, if any, would be retained by ICIC Overseas.

120. In documents related to this amended agreement, Sharqi authorized ICIC Overseas to purchase up to 15,000 additional shares of CCAH in addition to the shares already held in the name of Mashriq, to manage the entire portfolio of such shares, and to arrange secured or unsecured financing for such purchases. He also granted a power of attorney to Abedi, authorizing Abedi to purchase, sell, arrange financing for, and receive sales proceeds in connection with investments in CCAH shares. Later, Sharqi authorized ICIC Overseas to acquire an additional 30,000 shares of CCAH in his name or the name of his companies.

121. The annual fixed profit provided for in the agreement described above yielded payments of \$390,000 per year for Mashriq's services. In addition, BCCI or ICIC Overseas agreed to pay Mashriq the equivalent of \$500,000 per year as profit on the remaining shares that Mashriq held for the benefit of BCCI, beginning in 1985 and continuing until June 1990. In connection with that agreement, Sharqi was paid \$2,066,699 in August 1985 as the discounted value of the five annual payments of \$500,000.

122. On or around August 5, 1985, ICIC Overseas paid Sharqi a fee of \$500,000 for services rendered through June 30, 1985, with respect to the CCAH shares held in the name of Mashriq.

123. As Mashriq increased its ownership of CCAH shares in 1987 and again in 1989 through rights offerings, Sharqi was paid additional fees with respect to those acquisitions. Payments to Sharqi from BCCI or ICIC Overseas continued at least through January 1990.

124. In connection with the 1986 rights offering and related transactions, BCCI utilized Mashriq as an intermediary to acquire an additional 18 percent of CCAH's shares and then to transfer about 9.8 percent of those shares from Mashriq to companies controlled by Mahfouz, and to pledge the remaining 8 percent to a bank controlled by Mahfouz, as detailed below. As of July 29, 1986, 20,660 shares of CCAH held in Mashriq's name were controlled by BCCI, representing 9.23 percent of CCAH shares.

125. In the rights offerings of 1987 and 1989, BCCI acquired control of 4581 shares and 1745 shares, respectively, of CCAH purchased in the name of Mashriq. BCCI or ICIC Overseas loaned the purchase price for these shares and secured the loans with the CCAH shares.

126. On February 5, 1990, Naqvi, on behalf of ICIC Overseas, wrote to Sharqi concerning the loans from BCCI or ICIC Overseas to Sharqi or his companies secured by shares of CCAH. The letter confirmed that the proceeds from the sale of the CCAH shares would be used to repay the loans, and that Sharqi would not be personally liable for any deficiency.

127. None of the loans extended by BCCI or ICIC Overseas for the purchase of CCAH shares held in the name of Mashriq has been repaid or serviced to any substantial extent except through other loans from BCCI or ICIC Overseas.

128. By means of the arrangements described above, BCCI had acquired control of the CCAH shares held in the name of Mashriq by as early as March 2, 1982. Shares of CCAH held by BCCI in Mashriq's name represented 6.66 percent of CCAH voting shares as of March 2, 1982, and increased to 24.35 percent as of July 24, 1986 before declining to 9.23 percent of CCAH shares on July 29, 1986.

Nominee Arrangements with Naomi

129. Naomi is the Ruler of the Emirate of Ajman, one of the United Arab Emirates.

130. BCCI charged a loan account of Naomi for the price of Naomi's original acquisition of 7070 CCAH shares in

March 1982. That loan was refinanced in June 1983 with another borrowing from BCCI, which is still outstanding.

131. On September 2, 1983, Naomi entered into an agreement with ICIC Overseas whereby his holdings of 7070 CCAH shares were divided into two parts. One part, consisting of 1112 shares, was to be financed by Naomi from his own funds and beneficially owned by him. The bulk of the shares in Naomi's name, 5958 shares, were to be beneficially owned by ICIC Overseas, which would finance the acquisition of the shares and be liable for such financing. The agreement provided that Naomi would have no liability for any loan, and no right to any profit, in respect of the shares beneficially owned by ICIC Overseas. ICIC Overseas could accept or renounce any rights Naomi might have to additional CCAH shares. To implement the provisions of the agreement, Naomi executed powers of attorney in favor of ICIC Overseas and its general manager, Kazmi, empowering them to take any actions in connection with the 7070 shares of CCAH and any additional rights shares issued in respect to them, and signed a memorandum of deposit giving BCCI the right to sell his CCAH shares to repay indebtedness to BCCI. The memorandum of deposit also gave BCCI the right to vote the pledged CCAH shares.

132. In or around September 1987, ICIC Overseas paid Naomi \$6,500,000 for the 1112 CCAH shares beneficially owned by him and for his services as a BCCI nominee. Naomi executed blank

share transfer deeds and delivered them and the share certificates to ICIC Overseas. Thereafter, all shares held in the name of Naomi were beneficially owned by BCCI.

133. Between December 1983 and July 1989, BCCI acquired control of additional CCAH shares through purchases in Naomi's name at each successive rights offering. A total of 9754 CCAH shares were acquired in this manner. In each case, the acquired shares were registered in Naomi's name but were held for the benefit of ICIC Overseas. BCCI or ICIC Overseas financed these acquisitions, and secured the loans with the shares.

134. None of the loans extended by BCCI or ICIC Overseas for the purchase of CCAH shares held in the name of Naomi has been repaid or serviced to any substantial extent except through other loans from BCCI or ICIC Overseas.

135. In March 1989 and again in February 1990, ICIC Overseas confirmed in writing to Naomi that his loans were fully secured by shares of CCAH and that he would not be personally for any deficiency should the proceeds from a sale of the shares prove insufficient to repay the loans.

136. By means of the arrangements described above, BCCI had acquired control over the bulk of the CCAH shares held in the name of Naomi as early as March 2, 1982. Naomi's holdings

under BCCI's control comprised 5.96 percent of CCAH voting shares as of March 2, 1982, declined to 5.10 percent as of December 31, 1983, and increased to 5.82 percent as of September 1987.

#### The Mahfouz Transactions

137. In addition to the acquisition of shares of CCAH through nominees, BCCI used its control of CCAH shares in connection with a plan to recapitalize BCCI itself through the sale of BCCI shares, and CCAH shares controlled by BCCI, to a new shareholder. These transactions further demonstrate that BCCI controlled the shares of CCAH held in the names of Fulaij, Mashriq, and Shorafa, and that these shareholders acted as agents or nominees for BCCI.

138. In the early part of 1986, BCCI's auditors discovered enormous losses in the Treasury department of BCCI Overseas. These losses nearly eliminated BCCI's capital.

139. In an effort to replenish its capital, BCCI determined to bring in a new investor. The investor was a series of companies owned by the family of Mahfouz, a Saudi banker who, with his family, owned the National Commercial Bank of Saudi Arabia ("SNCB").

140. As part of the arrangement in which Mahfouz agreed to inject capital into BCCI, BCCI, through ICIC Overseas,

entered into a procurement deed (the "Procurement Deed"), dated July 29, 1986, with five companies owned by Mahfouz's family. The holdings of those five companies were later transferred to Burford Investment Company, a company wholly owned by Mahfouz (the five companies and Burford Investment Company will be referred to herein as "Burford"). In the Procurement Deed, ICIC Overseas agreed to arrange for the sale of 30 percent of the shares of BCCI, and 30 percent of the shares of CCAH, to Burford over a period of time. Following Burford's acquisition of shares of BCCI, Mahfouz became a director of BCCI.

141. The first phase of the transaction called for ICIC Overseas to arrange for the sale to Burford on July 29, 1986 of 22,152 shares of CCAH, or 9.9 percent of CCAH's outstanding shares, at a price of \$6094 per share. At the same time, the Procurement Deed called for ICIC Overseas to arrange for an additional 20.1 percent of the shares of CCAH to be sold to Burford over the next several years. The Procurement Deed provided that if ICIC Overseas were unable to deliver the promised shares, it would pay Burford a penalty of \$10 million, in addition to any other damages for which it might be liable.

142. The Procurement Deed also provided that the sales of the CCAH shares to Burford were subject to a buy-back agreement, under which the seller (identified in the documents accompanying the Procurement Deed as Mashriq) would agree to



repurchase the CCAH shares at their cost, plus interest, after three years if Burford called upon it to do so. Mashriq's repurchase obligation was to be backed by an irrevocable standby letter of credit from BCCI, to ensure compliance with the repurchase provisions.

143. In order to meet ICIC Overseas's obligations under the Procurement Deed and to accumulate a block of stock in Mashriq's name for sale to Burford on July 29, 1986, BCCI arranged for a series of transactions in CCAH shares to occur at and around the time of the CCAH rights offering in July 1986. These transactions were as follows:

(a) On July 23, 1986, BCCI caused 5000 shares of CCAH stock held in the name of Adham to be purchased in the names of Stock Holding and Crescent, two of the original CCAH shareholders, at a cost of \$5000 per share. BCCI caused Shorafa's account to purchase 1619 shares of CCAH stock in Adham's name at the same price. These transactions reduced the holdings of CCAH held in the name of Adham from 16.86 percent to 12.62 percent.

(b) On July 24, 1986, BCCI caused Stock Holding and Crescent, for which BCCI had on the previous day purchased 5000 shares at \$5000 per share, to sell all of their CCAH holdings, a total of 28,765 shares, at a price of \$4044.20 per share. BCCI purchased the shares in the name of Mashriq. This transaction increased the percentage ownership of CCAH stock held in the name

of Mashriq to 24.99 percent, and caused it to replace Adham as the largest single shareholder of record.

(c) Also on July 24, 1986, BCCI caused Mashriq, which on the same day had purchased 28,765 shares at \$4044.20 per share from Stock Holding and Crescent, to sell 3746 shares at \$2216 per share to Shorafa's account. This transaction increased the ownership of CCAH shares held in the name of Shorafa to 9.94 percent, and decreased Mashriq's percentage to 22.59 percent. Mashriq thus remained CCAH's largest single shareholder of record as of July 24, 1986.

(d) On July 25, 1986, the day of the CCAH rights offering, Mashriq was entitled to purchase 15,292 shares of CCAH at a price of \$2216 per share. BCCI caused Mashriq, which two days earlier had purchased shares at over \$4000 per share, to accept 8550 of these shares, but waive its rights as to 6742 shares. These waived rights shares were purchased by Clifford and Altman at the rights offering price of \$2216 per share. As a result, Mashriq's percentage ownership declined to 19.58 percent of CCAH shares, but it remained the largest single shareholder of record.

144. BCCI or ICIC Overseas financed each purchase of shares described in paragraph 143, and the acquired shares were pledged to secure the loans.

145. On July 29, 1986, as called for in the Procurement Deed, 22,152 shares of the CCAH held in the name of Mashriq were sold to Burford at a price of \$6094 per share (for a total of \$134,994,488). This reduced the percentage of CCAH stock held in Mashriq's name to 9.23 percent. At the same time, BCCI issued its irrevocable standby letter of credit to Burford in the amount of \$175,492,574 to guarantee Mashriq's obligations under the buy-back arrangement.

146. On September 8, 1986, BCCI caused Mashriq and Fulaij to enter into loan agreements totalling \$256,697,562 with SNCB. The loan to Mashriq was initiated by a letter to SNCB from Kazmi, acting under a power of attorney from Mashriq. Pursuant to those loan agreements, Mashriq pledged 21,660 shares of CCAH, and Fulaij pledged 20,463 shares of CCAH, for a total of 42,123 shares, or 18.8 percent of CCAH's shares, to secure the loans. The full loan amount, divided by the number of shares pledged as collateral, equals \$6094; thus, the per-share value placed on the collateral for purposes of the pledge was the same price per share paid by Burford on July 29, 1986. In addition, after SNCB canceled an earlier request to register the pledge on CCAH's books, BCCI placed a deposit of \$250 million at SNCB to provide substitute security for Mashriq and Fulaij's obligations to SNCB in the event that the 30 percent acquisition was not consummated.

147. By early 1989, Mahfouz decided to exercise his right under the Procurement Deed to require repurchase of the stock. By October 2, 1989, due to increases in the 1987 rights offering, the shares originally purchased from Mashriq had grown to 26,837 shares of CCAH. As of that date, Mahfouz was repaid the principal for the 26,837 shares, and by June 4, 1990, Mahfouz had discharged BCCI from its obligations under the letter of credit and had no remaining interest in the 26,837 shares of CCAH stock held in the name of his company. The funds to repurchase the CCAH shares from Mahfouz came from BCCI.

148. Also in 1990, BCCI's \$250 million deposit at SNCB was used to discharge the Fulaij and Mashriq loans from SNCB, together with a supplemental payment of approximately \$1 million from BCCI. BCCI thus regained its control of the CCAH shares held in the names of Mashriq and Fulaij.

#### Summary of BCCI Control of CCAH Shares

149. As a result of its acquisition, through the nominee arrangements described in this Notice, BCCI acquired control of at least 25.78 percent of CCAH's outstanding voting shares on March 2, 1982. BCCI's control of CCAH shares increased to at least 38.37 percent by December 1982, to at least 42.66 percent by December 1983, and to at least 58 percent of CCAH's outstanding voting shares by July 24, 1986. As of July 5, 1991, BCCI controlled approximately 60 percent of CCAH's outstanding

voting shares. BCCI and ICIC Overseas never filed an application for prior Board approval to acquire ownership or control of any of the shares of CCAH.

C. BCCI Violated Representations in the Application that BCCI Would Not Be Involved in Financing the Formation of CCAH or Acquisition of Financial General

1. Loans to Shareholders to Finance Purchases of CCAH Shares

150. As stated in this Notice, the 1980 Application stated that BCCI would not finance the acquisition of shares of CCAH. The Board's approval of the Application was subject to the condition that this representation would be honored.

151. This representation and condition was violated when BCCI or its affiliate, ICIC Overseas, extended credit to Adham, Fulaij, Khalil, Jawhary, Shorafa, Mashriq, and Naomi to finance their purchases of CCAH shares and entered into other nominee arrangements as set forth in this Notice.

152. BCCI or its affiliate also advanced funds for initial purchases of CCAH stock by the other initial CCAH shareholders, with or without their knowledge. BCCI thereby violated the initial representations to the Board, and the Board's approval order.

2. BCCI Financed the Start-Up Costs of CCAH

153. In violation of the initial investors' and BCCI's representations that BCCI would not be involved in the financing of the acquisition of CCAH, BCCI advanced approximately \$9 million to the investors for start-up costs and legal fees for CCAH and FAC.

3. BCCI Financed the \$50 Million Acquisition Loan to FAC From BAI

154. According to the Application, part of the financing for the initial acquisition of Financial General shares was to be provided in the form of a \$50 million loan to FAC from a consortium of European banks unrelated to BCCI. The bank arranging the syndication was BAI, whose chairman was a director of BCCI.

155. BAI was unable at that time to assemble a syndicate to make the loan to CCAI, and was unwilling to make the loan itself without financial assurances in addition to the shares of FAC to be taken as collateral for the loan. To provide this additional assurance, BCCI attempted to negotiate an agreement with BAI whereby a BCCI affiliate would guarantee the loan to CCAI by BAI. Counsel for BAI expressed concern that such a guarantee would violate the representations made to the Board in connection with the 1980 Application. The plan for this guarantee did not proceed.

156. Instead of the arrangement described in paragraph 155, BAII agreed to accept personal guarantees from Adham and Fulaij with respect to the repayment of the loan, and a compensating deposit from Adham of \$30 million. These arrangements were negotiated by BCCI and backed financially by BCCI.

157. ICIC Overseas loaned Adham the \$30 million required for deposit at BAII, under an arrangement whereby Adham was not expected to repay the advance. On March 2, 1982, the day of the tender offer for Financial General by CCAH, ICIC Overseas wrote to Adham: "With reference to the amount of U.S. \$30,000,000 advanced to you on 2nd March 1982 for depositing with BAII, it is understood that since the advance is covered by the said deposit with BAII, you have no further liability of its repayment to us."

158. In addition, on November 22, 1982, BCCI confirmed in writing to Fulaij that he would have no liability in respect of his personal guarantee of the BAII loan, but would be fully indemnified by BCCI. Adham obtained a similar indemnity agreement in December 1982 concerning his personal guarantee of the BAII loan.

4. ICIC Overseas Financed Loans from Adham to CCAH

159. CCAH received funds totalling \$2.5 million from ICIC Overseas in May 1982, and a further \$2.3 million in July

1982. These funds, aggregating \$4.8 million, were used to pay interest on BAI's \$50 million loan to FAC.

160. In September 1982, BCCI or ICIC Overseas made a loan of \$4.8 million to Adham to allow him to reimburse ICIC Overseas for the advances made to FAC. These loans violated the commitments in the Application that BCCI and its affiliates would not fund the CCAH acquisition of Financial General.

161. On or about February 24, 1983, CCAH executed a Loan Agreement declaring that CCAH had received a loan from Adham of \$4.8 million. The loan was due on July 19, 1985, and accrued interest, payable at six-month intervals, at the six-month LIBOR rate, with no "margin," or incremental charge above that rate. The interest rate charged under the loan therefore approximated the cost of funds of an institutional lender.

162. In June 1983, BCCI personnel calculated the amount due from CCAH and its subsidiary, FAC, for various expenses incurred by investors through loans from BCCI. Included in the calculation was the short-term loan of \$4.8 million. BCCI personnel noted that interest on the loan was accruing at LIBOR without any margin, and went on: "In absence of the margin this loan is proving expensive and an early repayment needs to be considered."



163. In December 1983, CCAH prepaid the \$4.8 million loan. One week later, CCAH borrowed a total of \$20 million pursuant to an agreement that showed Adham as the lender and provided for an interest rate of 1 point above the six-month LIBOR rate (later renegotiated to 2 points above the six-month LIBOR rate). This \$20 million was provided to Adham by BCCI.

164. In November 1990, CCAH sought approximately \$30 million in additional funds in the form of a loan from its shareholders. Adham was to provide approximately \$20 million of the new funds. In fact, BCCI provided Adham with the funds to make the loan to CCAH.

D. BCCI Violated Representations that the BCCI Would Have No Relationship with CCAH Other than as Advisor to Certain Shareholders

1. BCCI Participated in Selection of First American Bank of New York Officers

165. In keeping with BCCI's original desire to have a banking presence in New York, BCCI's interest in CCAH focused on the First American Bank of New York, New York, New York ("FABNY"), a bank subsidiary of First American.

166. In 1983, Elley, a long-time BCCI employee then in charge of BCCI's representative office in New York, was hired to work at FABNY as senior vice president. Prior to contacting Elley, Altman had discussed Elley's employment with Naqvi, who

had suggested that Elley be hired by FABNY. Elley continued to receive a financial benefit from BCCI while employed at FABNY.

167. Aijaz Afridi ("Afridi") served as executive vice president of FABNY from July 1983 through May 1987. Afridi was also a long-time BCCI employee who had been general manager both at BCCI in Luxembourg and at a BCCI-affiliated bank, Banque de Commerce et de Placement, Geneva, Switzerland. In 1983, Abedi approached Afridi concerning the position at FABNY. Afridi accepted the position. During his tenure at FABNY, Afridi continued to keep in close contact with BCCI, speaking almost daily with BCCI's London office. Afridi remained with FABNY until May 1987, when Abedi asked him to become managing director of BCCI's operations in Spain.

168. Afridi and Elley, while working at FABNY, were also invited to several of BCCI's annual conferences, including those in 1985 and 1986. These annual conferences brought together BCCI senior management from all over the world.

169. In early 1983, a BCCI official in Florida, Abdur Sakhia ("Sakhia"), arranged for an individual to interview with Abedi for the position of president of FABNY. Sakhia and Elley travelled to London with the individual to introduce him to Abedi. Abedi offered him the position of president of FABNY, but he did not accept the offer.

170. Bruno Richter ("Richter") was the first president of FABNY. He, too, had been suggested for the job by Abedi. Richter recruited another U.S. citizen to work at FABNY. Before that individual could be hired, he had to go through two sets of interviews: one with Elley and Altman, and another in London with Abedi, Afridi, and Naqvi.

171. In August 1984, Naqvi was contacted concerning an individual proposed to be named to the board of FABNY. Naqvi responded that he did not think that Abedi would have reservations about the appointment, and suggested that arrangements be finalized pending a decision from Abedi.

2. BCCI Monitored Operations of FABNY in the United States

172. BCCI's actual ownership interest in CCAH is demonstrated by its monitoring of the operations of FABNY through its "Americas Coordinating Committee." Abedi ordered the establishment of this committee some time in 1984 or 1985 to coordinate BCCI's operations in North and South America. The first meeting, held in New York on April 24, 1985, was attended by, among others, Afridi and Elley, then working at FABNY, and Sakhia. FABNY's executive vice president, Afridi, acted as chair of the first meeting, and described its purpose as "coordinat[ing] the efforts of different locations of BCC and other institutions so that the President's [Abedi's] desire to

have a totality in approach is achieved." Afridi stated that "our major task in the U.S. should be to build market share" for BCCI. Another participant described the meeting as "the initiation of our efforts to move into the future of BCC in U.S.A. in a calculated and planned way with the uniformity of approach and totality in operational objectives." An official representing each BCCI location participating in the meeting gave a summary of that location's business; Elley did so with respect to FABNY.

173. At the April 24, 1985 meeting, Elley told the participants that "in America we are sitting on 7 Billion dollar assets and this is just the beginning." At that time, BCCI's agencies in the United States held about \$800 million in assets. The inclusion of the assets of CCAH and NBG at that time would aggregate approximately \$7 billion.

174. The second meeting of BCCI's Americas Coordinating Committee was held in Miami on June 2, 1985. Again, Afridi and Elley attended as representatives of FABNY. It was determined that in the absence of the regular chairman, Afridi, a FABNY senior official, should chair future meetings. Various individuals were designated to be contact officers at different locations; Mansoor Shafi, vice president of FABNY, was designated as contact person for the First American banking organization. When the head of BCCI's Latin American region requested the names

of persons who had contacts in South America in order to further BCCI's marketing efforts there, Afridi said he would have two Latin officers at FABNY forward a list of their contacts.

175. In April 1987, Abedi expressed his sense that the First American banks, legally owned by CCAH, were within the BCCI family when he told a meeting of BCCI's Far East Region Senior Executives in Hong Kong that "[y]ou are now with the First American Group of banks . . . ."

3. BCCI Participated in the Purchase of Branches for FABNY

176. In March 1983, Elley was in charge of the BCCI representative office in New York. In that capacity, he became interested in acquiring certain branches of Bankers Trust Company, New York, New York ("Bankers Trust"), that were then available for purchase. On March 25, 1983 and again on April 13, 1983, Elley met with a representative of Bankers Trust to discuss acquiring the branches on behalf of BCCI. Another BCCI representative, Abol Helmy ("Helmy"), met with the Bankers Trust representative on April 15, and accompanied Elley to another meeting with him on April 25 to discuss the terms of the purchase.

177. At some point in April 1983, Elley was informed by BCCI management that BCCI would not acquire the Bankers Trust branches directly, as doing so would force BCCI to declare New

York to be its "home state" for purposes of the IB Act. This was considered undesirable, but Elley did not stop his efforts. He continued to negotiate for the acquisition of the branches, ostensibly on behalf of FABNY. BCCI, however, continued to control the negotiations, including such terms as price, for the Bankers Trust branches. Elley continued to work for BCCI throughout the period during which he was negotiating to acquire the Bankers Trust branches. He did not commence working for FABNY until July 1, 1983.

178. On May 5, 1983, when the actual bid was submitted to Bankers Trust as a result of the negotiations, it was submitted in the name of FAC, FABNY's parent holding company, on behalf of FABNY. Following receipt of the FAC bid, however, the Bankers Trust representative continued to communicate and negotiate with Elley, Helmy, and other BCCI representatives. In the course of negotiations after the May 5 bid, Elley told the Bankers Trust representative that if a higher price than that contained in the bid was required, his management in London might reconsider whether to bid at all. At the time of this statement by Elley, FAC had no office or representatives in London.

II. BCCI ILLEGALLY ACQUIRED CONTROL OF NBG AT LEAST AS  
EARLY AS 1985, PRIOR TO ITS ACQUISITION BY CCAH

179. In 1975, Lance acquired from Financial General approximately 12 percent of the outstanding shares of NBG (since renamed the First American Bank of Georgia, N.A.). In 1977, Lance decided to sell his shares of NBG. During this same time period, he was retained by Abedi to advise BCCI on banking investments in the United States. Through this relationship, Lance arranged for his shares of NBG to be sold to Pharaon, a Saudi Arabian businessman and principal shareholder of BCCI, who was to hold the shares of NBG on behalf of himself and BCCI, as set forth more fully below.

180. NBG is a national bank and is a "bank" for purposes of the BHC Act.

181. Beginning in late 1977, Pharaon began to acquire shares of NBG in an effort to obtain control of NBG. Pharaon borrowed at least part of the funds used for this acquisition from BCCI. In November 1981, Pharaon formed GRP, Inc., a bank holding company, which was 100 percent owned by Pharaon, to hold his shares of NBG. Although Pharaon nominally controlled all of the shares of NBG through GRP, Inc., only 50 percent of the shares of NBG were treated as his own personal investment. The remaining 50 percent was treated as controlled by BCCI. Expenses

of the NBG investment were equally divided between Pharaon and BCCI.

182. In August 1982, the name of GRP, Inc. was changed to NBG Financial Corporation ("NBGFC"). By year-end 1982, NBGFC had accumulated 100 percent of the voting shares of NBG. In August 1983, Pharaon formed two intermediate holding companies, Interedec (Georgia) N.V., Curacao, Netherlands Antilles ("Interedec N.V.") and Interedec (Georgia) Limited, Nassau, the Bahamas ("Interedec Ltd."). Interedec N.V. owned all of the voting shares of NBGFC, and Interedec Ltd. owned all of the voting shares of Interedec N.V.

183. In 1983, Pharaon formed another company, Pharaoh Holdings Limited ("PHL"), Nassau, Bahamas, for the purpose of holding Pharaon's personal assets that were situated outside of Saudi Arabia. Pharaon's personal assets situated within Saudi Arabia were owned by Saudi Research & Development Corporation, or REDEC. PHL acquired 50 percent of the voting shares of NBG from NBGFC. PHL did not file an application with the Board of Governors to form a bank holding company, although such an application was required under Section 3 of the BHC Act. PHL thereby violated the BHC Act, and Pharaon participated in the violation. The remaining 50 percent interest in NBG continued to be registered in the name of NBGFC, but was held for the benefit of BCCI.



184. On January 1, 1985, Pharaon, on behalf of Interedec N.V., executed a Memorandum of Deposit with BCCI which provided that all of the outstanding shares of NBGFC would be deposited with BCCI as collateral for certain credit facilities extended to Pharaon, and to companies owned and controlled by him. Paragraph 17 of the Memorandum of Deposit provides that "BCC or its nominees may exercise . . . in respect of the [NBGFC] Securities or any of them any voting rights as if BCC or its nominees were a sole beneficial owner thereof." To the extent it had not already acquired control over the shares of NBG held by NBGFC, BCCI, by reason of this Memorandum of Deposit, acquired control over those shares by January 1, 1985.

185. In November 1985, REDEC announced that it was experiencing financial difficulties, which could lead to a default on syndicated borrowings by Pharaon in excess of \$200 million. This announcement had an adverse effect on all of Pharaon's companies, including PHL and NBGFC. NBGFC and NBG, for example, experienced liquidity problems, as financial institutions withdrew or restricted credit lines to those companies. BCCI itself was a major creditor of Pharaon, and the REDEC announcement caused BCCI's auditors, Price Waterhouse, to scrutinize more closely Pharaon's relationship with BCCI. Price Waterhouse criticized the magnitude of BCCI's exposure to Pharaon.

186. In December 1985, in an attempt to reduce the magnitude of PHL's indebtedness and avoid default on syndicated loans, Pharaon liquidated his 50 percent personal interest in NBG by causing PHL to sell its voting shares of NBG to NBGFC. At that point, NBGFC again owned 100 percent of NBG. As set forth in this Notice, at that time BCCI controlled all of the shares of NBGFC, and therefore gained control for BHC Act purposes of 100 percent of NBG's shares.

187. Because BCCI's interest in shares of NBGFC was held in the name of Pharaon's company, NBGFC, BCCI became concerned that Pharaon's creditors might attempt to attach the shares of NBGFC. BCCI thus had an incentive to cause NBGFC to transfer NBG to another BCCI nominee, one that had no difficulties with creditors.

188. Accordingly, and in order to reduce further Pharaon's indebtedness to BCCI, in December 1986, BCCI caused CCAH to agree to purchase the shares of NBGFC from Pharaon for \$220 million. At the time, however, the BHC Act and Georgia law did not permit NBGFC to be acquired by a U.S. bank holding company, such as CCAH, with substantial deposits outside of the area defined by Georgia law as the "Southern Region."

189. On December 18, 1986, CCAH and Pharaon entered into an option agreement in which, in return for an \$80 million

option fee, Pharaon gave CCAH an option to purchase all of the shares of NBGFC for an additional \$140 million if and when Georgia law was amended to permit the acquisition.

190. On January 29, 1987, BCCI lent Pharaon \$140 million, the exercise price of the option. All of the shares of NBGFC were pledged to secure this loan.

191. Previously, by letter dated December 12, 1986, Abedi had written to Pharaon stating that Pharaon had no liability for the repayment of numerous loans to BCCI, including the \$140 million loan secured by NBGFC shares. Additionally, on December 12, 1986, ICIC Overseas, on behalf of certain unnamed clients who were shareholders of CCAH, provided an indemnification to Pharaon in consideration for his entering into the option agreement, pledge agreement, and loan agreement related to the sale of NBGFC to CCAH. The indemnification unconditionally indemnified Pharaon for any liability he might incur as a result of the sale of NBGFC to CCAH. If BCCI had not acquired control of NBG prior to this time, BCCI acquired control of NBG's shares in the period December 1986 to January 1987, through the loan, indemnity, and other arrangements specified above.

192. By the summer of 1987, Georgia law had been amended, due at least in part to the lobbying efforts of NBGFC,

to permit the acquisition of NBGFC by CCAH. On June 26, 1987, CCAH's application under the BHC Act to acquire NBGFC was approved by the Board of Governors. The application and related materials submitted to the Board did not disclose that BCCI was extending credit to Pharaon secured by the shares of NBGFC, that BCCI was to serve as pledge agent under the pledge agreements related to that loan and to the option agreement, or of BCCI's other arrangements with respect to the NBG shares.

193. On August 19, 1987, CCAH exercised its option to purchase all of the shares of NBGFC. The option exercise price of \$140 million was transferred to Interedec's account at BCCI for repayment of Pharaon's indebtedness to BCCI.

194. In fact, of the \$220 million that was to go to Pharaon for the sale of NBGFC, only \$14,358,266, was received by him. The remaining funds were used for BCCI's benefit to reduce BCCI's credit exposure to Pharaon and appease the external auditors. For example, out of \$80 million received for the option on December 18, 1986, \$30,261,250 was used to repay a loan BCCI made to Pharaon on December 4, 1986. This left a balance of \$49,738,750, out of which Pharaon received the \$14,358,266. When the exercise price of \$140 million was received in August 1987, this amount was added to the \$35,380,484 (the amount remaining from the option price) and then BCCI applied the total amount of \$175,380,484 to a loan account, totaling \$199,928,298, in the

name of Pharaon that was then secured by NBGFC shares. Thus, this particular loan to Pharaon was reduced to \$29,547,814 by reason of the sale of NBG to CCAH. Consequently, the sale of NBG to CCAH enabled BCCI to reduce materially its credit exposure to Pharaon and to prevent further intensive scrutiny by BCCI's auditors and others.

195. BCCI never filed an application for prior approval by the Board to acquire control of the shares of NBGFC or NBG, as required by Section 3 of the BHC Act. BCCI thereby violated the BHC Act when it acquired control of NBG's shares.

196. During the period between 1979 and 1986, when Pharaon purportedly owned a majority of the shares of NBG, BCCI exercised substantial control over the institution and considered it to be within the BCCI family.

197. Around the time of Pharaon's acquisition of NBG in 1979, a BCCI official in London contacted Roy Carlson ("Carlson"), who had worked with BCCI in its early years. After an interview in London attended by Pharaon and Abedi, Carlson was offered the position of president of NBG, and he took the position when Pharaon acquired the bank.

198. In 1981, Naqvi, on behalf of BCCI, recommended that Tariq Jamil ("Jamil"), a BCCI employee, be hired by NBG,

ostensibly to handle international matters. NBG was at that time a retail, consumer-oriented bank. Jamil worked at NBG as senior vice president until approximately 1986, when he returned to BCCI. Two other former BCCI employees, Mehdi Reza and Asif Mujtaba, were also hired by NBG during this period.

199. NBG personnel were invited to BCCI's annual meetings, and NBG was considered a proving ground for BCCI's personnel needs in the United States. For example, at a meeting on July 7, 1984, attended by Naqvi of BCCI and Carlson and Jamil of NBG, the participants discussed "NBG's future role in the [BCCI] Group strategy re USA", including its role as "a source for introducing experienced and qualified middle to senior cadre of managers for both internal and [BCCI] Group requirements in USA."

200. Jamil was also included as a participant in BCCI's "Americas Coordinating Committee," described in paragraphs 172 to 175. In addition, during the period between 1979 and 1986, NBG changed its trademark logo to one strikingly similar to the distinctive hexagonal design used by BCCI and ICIC Overseas.

V. BCCI VIOLATED SECTION 4 OF THE BHC ACT IN CONNECTION  
WITH ITS ACQUISITION OF CENTRUST SAVINGS BANK

201. On January 7, 1988, Pharaon acquired 748,901 shares of voting common stock of CentTrust Savings Bank, Miami, Florida ("CentTrust"). On April 14, 1989, Pharaon acquired an additional 812,681 shares of CentTrust, bringing his total holdings of CentTrust voting shares to 1,561,582 shares. This represented more than 5 percent of the outstanding voting shares of CentTrust.

202. CentTrust was an insured savings association and is not a "bank" for purposes of the BHC Act.

203. Pharaon borrowed the funds that he used to purchase CentTrust shares from BCCI, and secured that borrowing with the acquired CentTrust shares.

204. On or about April 14, 1989, for the purpose of securing BCCI's loan to him for the purchase of CentTrust shares, Pharaon executed a Memorandum of Deposit with BCCI which provided that all of the outstanding shares of CentTrust held by Pharaon would be deposited with BCCI as collateral for certain credit facilities extended to Pharaon, and to companies owned and controlled by him. Paragraph 17 of the Memorandum of Deposit provided that "BCC or its nominees may exercise . . . in respect

of the [CentTrust] Securities or any of them any voting rights as if BCC or its nominees were a sole beneficial owner thereof."

205. By reason of this Memorandum of Deposit, BCCI controlled Pharaon's voting shares of CentTrust for purposes of the BHC Act at least as early as April 14, 1989.

206. BCCI never filed an application with the Board of Governors to acquire control of such shares as required by Section 4 of the BHC Act (12 U.S.C. 1843).

#### VIOLATIONS OF LAW AND REGULATION

**COUNT 1** BCCI Is an Illegal Bank Holding Company in  
Connection with the Acquisition of CCAH

207. Section 3(a) of the BHC Act (12 U.S.C. 1842(a)) makes it unlawful for any company to own or control, directly or indirectly, or acting through one or more other persons, 25 percent or more of the voting shares of a bank without the prior approval of the Board of Governors. In acting on applications for approval under Section 3(a), the Board must consider the financial and managerial resources of the companies and banks concerned, as well as the activities of the applicant company under the BHC Act and the IB Act. See 12 U.S.C. 1842(c) and 3106(a).

208. As set forth in this Notice, BCCI violated Section 3(a) of the BHC Act by acquiring through nominees



25 percent or more of the voting shares of CCAH, which became a bank holding company on April 19, 1982. By this transaction, BCCI, without the prior approval of the Board, acquired ownership or control of at least 25 percent of the voting shares of Financial General.

209. The violation set forth in Count 1 had been outstanding for a period of 3240 days on March 4, 1991, when BCCI consented to the issuance of an Order by the Board of Governors pursuant to Section 8(b) of the FDI Act, ordering divestiture of such shares of CCAH as BCCI may control. Of these days, 2669 were before and 571 days were after August 9, 1989, the effective date of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

COUNT 2    BCCI Illegally Acquired Additional  
Shares of CCAH

210. Section 3(a)(3) of the BHC Act makes it unlawful, inter alia, for any bank holding company, without the prior approval of the Board of Governors, to acquire direct or indirect ownership or control of the voting shares of any bank if, after such acquisition, the company will own or control 5 percent or more of such bank's shares.

211. By virtue of its acquisition of control of 25 percent or more of the shares of CCAH, BCCI was a bank holding company for purposes of the BHC Act as of April 19, 1982.

212. As set forth in this Notice, BCCI violated Section 3(a)(3) of the BHC Act on at least 8 separate occasions between December 1982 and April 1988, when it acquired additional shares of CCAH. The violations, and the number of days each has been outstanding from the date of the violation through August 9, 1989, and from August 10, 1989 through March 4, 1991, is as follows:

Date	Nominee through whom purchase was made	Number of Days since violation (through 8/9/89 // after 8/9/89)
12/21/82	Adham	2423 // 571
12/19/83	Adham (purchase of Qabazard shares)	2160 // 571
12/20/83	Adham (purchase of Gulf Investment shares)	2159 // 571
2/2/85	Fulaij (purchase of Real Estate shares)	1649 // 571
7/24/86	Mashriq (purchase of Stock Holding and Crescent shares)	1111 // 571
2/28/87	Khalil	893 // 571
9/30/87	Naomi	680 // 571
4/30/88	Jawhary	466 // 571

COUNT 3    BCCI Violated the Board Order

213. Section 8(b) of the BHC Act imposes civil money penalties upon any company that, inter alia, violates any order issued pursuant to the BHC Act.

214. The Board's order approving the acquisition of Financial General by CCAH was based on the representation, caused to be made by BCCI, that BCCI and its affiliates would provide no financing for the acquisition of shares of CCAH by any of the original investors. Compliance with this representation was a condition of the Board's approval.

215. BCCI violated the Board's order in connection with each of the more than 40 loans it or its affiliates made to the original shareholders of CCAH for the purchase CCAH shares. These violations have been outstanding, with respect to the first of these loans, for 3288 days as of March 4, 1991, of which 2717 days were before and 571 days were after August 9, 1989.

COUNT 4    BCCI Is an Illegal Bank Holding Company in Connection with the Acquisition of NBG

216. BCCI violated Section 3(a)(3) of the BHC Act in connection with its acquisition, by no later than January 1, 1985, without prior Board approval, of control of 25 percent or more of the voting shares of NBG. As of March 4, 1991, this violation had been outstanding for 2252 days, of which 1681 were before and 571 were after August 9, 1989.

COUNT 5    BCCI Violated Reporting Requirements

217. Section 5(c) of the BHC Act (12 U.S.C. 1844(c)) and Section 225.5 of Regulation Y (12 C.F.R. 225.5), require bank holding companies and, through Section 8(a) of the IB Act (12 U.S.C. 3106(a)), foreign banks with U.S. branches or agencies and their parent companies to submit periodic reports to the Board, including, under certain circumstances, quarterly, semi-annual and yearly reports on Federal Reserve Forms Y-6, Y-7, and Y-9. In part, these reports require the disclosure of a bank holding company's interests in its subsidiaries. BCCI submitted these reports in connection with its agencies in this country.

218. In each annual filing from the date of the acquisition of CCAH to the date of this Notice, in violation of Section 5(c) of the BHC Act and Section 225.5 of Regulation Y, BCCI has, knowingly or with reckless disregard for the accuracy of such reports, submitted misleading Federal Reserve Form Y-7 reports in that it never disclosed its interest in and control of CCAH, NBG, or CenTrust in any required regulatory filing with the Board. The first such misleading report was filed by BCCI in 1984 with respect to the 1983 calendar year; thereafter, BCCI filed misleading reports for the years 1984, 1985, 1986, 1987, 1988, and 1989.

COUNT 6    BCCI, as a Bank Holding Company, Illegally  
Acquired Shares of CenTrust

219. BCCI violated Section 4 of the BHC Act in connection with its acquisition, through Pharaon, of CenTrust, by no later than April 14, 1989. As of the date of this Notice, this violation has been outstanding for 835 days, of which 117 were before and 718 were after August 9, 1989.

COUNT 7    ICIC Overseas, Abedi, Naqvi, Kazmi, Fulaij,  
Khalil, Jawhary, Pharaon, and Elley  
Participated in the Violations of BCCI

220. In connection with the acquisition of CCAH, and in other connections, BCCI Holdings, BCCI S.A., and ICIC Overseas, together with their other affiliates and subsidiaries, acted together and were, for all practical purposes, and for the purposes of the BHC Act, one and the same "company," referred to herein as the "BCCI Group." The ownership, management, and business activities of BCCI and the ICIC companies were intermingled and interrelated in such a way that the two groups generally operated as a single enterprise.

221. The treatment of the BCCI Group as a "company" for purposes of the BHC Act is substantiated by the fact that, as a matter of practice, BCCI used ICIC Overseas and its parent company, ICIC Holdings Limited, George Town, Cayman Islands ("ICIC Holdings") (collectively, "ICIC"), as agents or nominees to further the objectives of BCCI. ICIC operated under the

control of and at the direction of senior BCCI management, including Abedi and Naqvi. Often the transactions in which it was involved were transactions in which BCCI was unable or unwilling to participate directly, or in which it was necessary to conceal the fact that BCCI was the real party in interest. The following facts, among others, indicate that BCCI and ICIC are alter egos:

(a) ICIC Holdings, ICIC Overseas and other ICIC-related entities were established and used by the founders of BCCI, including Abedi and Naqvi, to acquire shares of BCCI Holdings and disguise the ownership of such shares. For example, Pharaon had agreed, at least as early as November 1984, to act as a nominee to hold stock of BCCI Holdings for ICIC Overseas. ICIC Overseas and ICIC Holdings had similar arrangements with other nominee shareholders of BCCI.

(b) In the early 1980s, ICIC Holdings was a substantial shareholder, directly and through its wholly owned direct and indirect subsidiaries, of BCCI Holdings. In addition, another BCCI Holdings's affiliate and shareholder, ICIC Foundation ("Foundation"), which Abedi, Naqvi, and other BCCI officials had established in 1982 to acquire shares of BCCI Holdings, borrowed substantial sums from ICIC Overseas in 1982 to finance the acquisition of BCCI Holdings shares from ICIC Overseas, and, by 1984, Foundation had pledged its entire holdings of BCCI Holdings

shares, comprising approximately 8.6 percent of BCCI, to secure the loan.

(c) Prior to 1981, all of the shares of ICIC Holdings were held by three individuals who were officers or employees of BCCI. Upon information and belief, more than 25 percent of the shares of ICIC Holdings were held for the benefit of the employees of BCCI until at least October 1986. As such, these shares of ICIC Holdings were deemed to be controlled by BCCI under the BHC Act. See 12 U.S.C. 1841(g)(2).

(d) BCCI documents listing BCCI's exposure to various borrowers, including Adham, Fulaij, and other CCAH shareholders identified in this Notice, include loans to such borrowers from both BCCI and ICIC Overseas.

(e) In 1990, BCCI Holdings's external auditors, after extensive investigations and audits and after receiving the findings of a special investigative team of senior BCCI executive officers, concluded that ICIC Overseas "cannot be regarded as independent of" BCCI.

222. ICIC Overseas caused, brought about, participated in, or aided and abetted BCCI's violations of the BHC Act, as charged in Counts 1, 2 and 3, by granting loans, at the direction of Abedi or Naqvi, to CCAH shareholders secured by CCAH shares,

and by entering into agreements with BCCI's nominees assuring such nominees that they would have no liability for such loans.

223. Abedi and Naqvi caused, brought about, participated in, or aided and abetted the violations of the BHC Act and Regulation Y, as charged in Counts 1 through 6, in that, as principal officers of BCCI, they made the determination to acquire CCAH and NBG without the prior approval of the Board of Governors, to enter into the nominee arrangements with the Nominees, and to file false and misleading regulatory reports.

224. Kazmi caused, brought about, participated in, or aided and abetted the violations of the BHC Act and Regulation Y, as charged in Counts 1, 2, 3 and 5, in that, as a principal officer of ICIC Overseas, he assisted BCCI in acquiring control of CCAH shares by engaging in sham loan transactions with the Nominees.

225. Adham, Fulaij, Khalil and Jawhary caused, brought about, participated in, or aided and abetted the violations of the BHC Act and Regulation Y, as charged in Counts 1, 2, 3 and 5, by agreeing to act as nominees for BCCI in its acquisition of control of the shares of CCAH.

226. Pharaon caused, brought about, participated in, or aided and abetted the violations of the BHC Act and



Regulation Y, as charged in Counts 4, 5 and 6, by agreeing to act as a nominee for BCCI in its acquisition of control of NBG and CenTrust.

227. Elley breached his fiduciary duty and caused, brought about, participated in, or aided and abetted the violations of the BHC Act and Regulation Y, as charged in Counts 1 and 3, when he secretly monitored the First American banking organization for BCCI.

#### REMOVAL AND PROHIBITION

##### Abedi and Naqvi

228. As set forth in this Notice, Abedi and Naqvi caused, brought about, or participated in the violations of the BHC Act and Regulation Y.

229. By reason of the violations of law and regulation committed by Abedi and Naqvi, as charged in this Notice, (a) Abedi and Naqvi received financial gain or other benefit when they retained their positions at BCCI, in part as a result of their scheme to acquire and retain control of CCAH, and (b) BCCI has suffered or will probably suffer substantial financial loss or other damage in that (i) as set forth in this Notice, BCCI paid millions of dollars in payments to nominees as compensation for their services as nominees in holding CCAH shares for BCCI and (ii) BCCI made loans collateralized by CCAH shares in amounts

in excess of the value of those shares, and those loans are non-performing.

230. The violations of law and regulation committed by Abedi and Naqvi charged in this Notice involve personal dishonesty on the part of Abedi and Naqvi, as evidenced, inter alia, by the concealment of material information from the Board and the submission of false and misleading information to the Board by BCCI and its agents, at their direction, in connection with the CCAH and NBG transactions described in this Notice.

Kazmi

231. As set forth in this Notice, Kazmi caused, brought about, or participated in the violations of the BHC Act and Regulation Y.

232. By reason of the violations of law and regulation committed by Kazmi, as charged in this Notice, (a) Kazmi received financial gain or other benefit when he retained his position at ICIC Overseas in part as a result of his participation in the scheme to acquire control of CCAH, and (b) BCCI has suffered or will probably suffer substantial financial loss or other damage in that (i) as set forth in this Notice, BCCI paid millions of dollars in payments to nominees as compensation for their services as nominees in holding CCAH shares for BCCI, and (ii) BCCI made loans collateralized by CCAH shares in amounts in

excess of the value of those shares, and those loans are non-performing.

233. The violations of law and regulation committed by Kazmi charged in this Notice involve personal dishonesty on the part of Kazmi, as evidenced, inter alia, by the concealment of material information from the Board and the submission of false and misleading information to the Board by BCCI, ICIC Overseas and their agents, at his direction, in connection with the CCAH-related transactions described in this Notice.

Adham, Fulaij, Khalil and Jawhary

234. As set forth in this Notice, Adham, Fulaij, Khalil and Jawhary each caused, brought about, or participated in the violations of the BHC Act and Regulation Y.

235. By reason of the violations of law and regulation committed by Adham, Fulaij, Khalil and Jawhary, as charged in this Notice, (a) each received financial gain or other benefit when he was paid fees by BCCI for holding CCAH shares as a nominee for BCCI, and (b) BCCI has suffered or probably will suffer substantial financial loss or other damage in that (i) as set forth in this Notice, BCCI made payments to the Nominees as compensation for their services as nominees in holding CCAH shares for BCCI, and (ii) BCCI made loans to the Nominees

collateralized by CCAH shares in amounts in excess of the value of those shares, and those loans are non-performing.

236. The violations of law and regulation committed by Adham, Fulaij, Khalil, and Jawhary charged in this Notice involve personal dishonesty on the part of each of them in that they aided and abetted the concealment of the true ownership of CCAH. They did so, inter alia, by appearing at the Board's informal hearing held to determine, among other things, whether BCCI was to finance the CCAH shareholders' acquisition of Financial General and indicating that they were acting for themselves, with their own funds.

Pharaon

237. As set forth in this Notice, Pharaon caused, brought about, or participated in the violations of the BHC Act and Regulation Y.

238. By reason of the violations of law and regulation committed by Pharaon, as charged in this Notice, Pharaon received financial gain or other benefit when he was able to repay unrelated loans from BCCI with the proceeds of the sale of NBG to CCAH.

239. The violations of law and regulation committed by Pharaon charged in this Notice involve personal dishonesty on the

part of Pharaon in that he aided and abetted the concealment of the true ownership of NBG and CenTrust from U.S. regulatory authorities.

Elley

240. As set forth in this Notice, Elley breached his fiduciary duty and caused, brought about, or participated in the violations of the BHC Act and Regulation Y.

241. By reason of the breaches of fiduciary duty and violations of law and regulation committed by Elley, as charged in this Notice, Elley received financial gain or other benefit when he continued to receive financial benefits from BCCI while employed at FABNY.

242. The breaches of fiduciary duty and violations of law and regulation committed by Elley charged in this Notice involve personal dishonesty on the part of Elley as evidenced, inter alia, by his concealment from federal and state bank regulators of his relationship with BCCI while employed by FABNY.

243. With respect to any act or practice alleged herein on the part of any foreign bank or any officer, director, employee, or agent thereof that occurred outside the United States, the Board of Governors believes that such act or practice has been, is, or is likely to be a cause of, or carried on in

connection with, or in furtherance of an act or practice within any one or more States which, in and of itself, would constitute an appropriate basis for action by the Board of Governors under Section 8 of the FDI Act.

244. Notice is hereby given that a hearing will be held on September 10, 1991, at the offices of the Federal Reserve Bank of New York, 33 Liberty Street, New York, New York, for the purpose of taking evidence on the charges hereinbefore specified in order to determine whether an appropriate order should be issued under Section 8(e) of the FDI Act to prohibit, without the prior written approval of the Board of Governors and, where necessary pursuant to Section 8(e)(7)(B) of the FDI Act (12 U.S.C. 1818(e)(7)(B)), of another federal financial institution regulatory agency, the future participation of Abedi, Naqvi, Kazmi, Adham, Fulaij, Khalil, Jawhary, Pharaon, and Elley in the affairs of any federally insured United States bank, bank holding company, or other institution or agency specified in Section 8(e)(7)(A) of the FDI Act (12 U.S.C. 1818(e)(7)(A)), including serving as an officer, director, or employee of, or voting the shares of, any such bank, bank holding company, or other institution.

245. The hearing referred above is hereby consolidated with the hearing to be held pursuant to the Board's Notice of Intent to Prohibit issued on July 12, 1991, and will be held

before an administrative law judge to be appointed pursuant to 5 U.S.C. 3344. The hearing will be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest, and in all other respects will be conducted in compliance with the provisions of the BHC Act and the Board of Governors' Rules of Practice for Hearings as in effect at the time of such hearing.

**CIVIL MONEY PENALTY AGAINST BCCI HOLDINGS,  
BCCI S.A., BCCI OVERSEAS AND ICIC OVERSEAS**

246. Section 8(b) of the BHC Act (12 U.S.C. 1847(b)) authorizes the assessment of a civil money penalty against any company that violates, and any individual who participates in a violation of the BHC Act or any regulation, including Regulation Y, issued pursuant thereto. Until an amendment that became effective on August 9, 1989, Section 8(b) of the BHC Act authorized civil money penalties of \$1,000 per day for each day of violation; thereafter, Section 8(b) of the BHC Act authorizes civil money penalties of \$25,000 per day.

247. Section 8(d) of the BHC Act authorizes the assessment of a civil money penalty against a bank holding company for the failure to file required regulatory reports or the filing of false or misleading reports ranging, after August 9, 1989, between \$5,000, \$25,000 and \$1 million per day

depending on the existence, on behalf of the company, of knowing or reckless disregard for applicable reporting requirements.

248. BCCI's violation of Section 3(a) of the BHC Act and Section 225.11(a) of Regulation Y, which commenced with the BCCI's acquiring control of CCAH on April 19, 1982, without the prior approval of the Board of Governors, has been outstanding for a period of at least 3240 days, between April 19, 1982, and March 4, 1991. Of these, 2669 days were before and 571 days were after August 9, 1989. As of the date of this Notice, the violation remains outstanding.

249. BCCI's violations of Section 3(a) of the BHC Act and Section 225.11 of Regulation Y, which commenced with its acquisition of additional shares of CCAH on December 21, 1982, December 19, 1983, December 20, 1983, February 2, 1985, July 24, 1986, February 28, 1987, September 30, 1987, and April 30, 1988, have been outstanding for the periods set forth in this Notice.

250. BCCI's violations of the Board's order in connection with its loans to the initial CCAH shareholders to finance the acquisition of their CCAH shares have been outstanding, with respect only to the first such loan, for 3288 days, of which 2717 days were before and 571 days were after August 9, 1989.



251. BCCI's violations of Sections 5(c) of the BHC Act and Section 225.5 of Regulation Y, have been outstanding since May 1984, with respect to the Federal Reserve Form Y-7 report for 1983; since May 1985, with respect to the Federal Reserve Form Y-7 report for 1984; since May 1986, with respect to the Federal Reserve Form Y-7 report for 1985; since May 1987, with respect to the Federal Reserve Form Y-7 report for 1986; since May 1988, with respect to the Federal Reserve Form Y-7 report for 1987; since May 1989, with respect to the Federal Reserve Form Y-7 report for 1988; and since May 23, 1990, with respect to the Federal Reserve Form Y-7 report for 1989. The violation with respect to the 1989 report had been outstanding for 285 days on March 4, 1991.

252. BCCI's violations of Section 8(d) of the BHC Act, after August 9, 1989, have been outstanding, with regard, at a minimum, to the first report due after such date, since May 1990. BCCI's violations of Section 8(d) of the BHC Act were committed knowingly or with reckless disregard for the accuracy of the periodic regulatory reports that were required to be submitted to the Board of Governors.

253. BCCI's violation of Section 3(a) of the BHC Act and Section 225.11(a) of Regulation Y, which commenced with BCCI's acquiring control of NBG by at least January 1, 1985, without the prior approval of the Board of Governors has been

outstanding for a period of at least 2252 days, between January 1, 1985, and March 4, 1991. Of these, 1681 days were before and 571 days were after August 9, 1989.

254. BCCI's violation of Section 4 of the BHC Act and Section 225.23(a) of Regulation Y, which commenced with BCCI's acquiring control of CentTrust by at least April 14, 1989, without the prior approval of the Board of Governors, has been outstanding for a period of at least 835 days. Of these, 117 days were before and 718 days were after August 9, 1989.

255. After taking into account the size of BCCI Holdings's, BCCI S.A.'s, BCCI Overseas's, and ICIC Overseas's financial resources, their good faith, the gravity of the violations, the history of previous violations, and such other matters as justice may require, the Board of Governors hereby assesses a civil money penalty of Two Hundred Million Dollars (\$200,000,000) against BCCI Holdings, BCCI S.A., BCCI Overseas, and ICIC Overseas for their violations of the BHC Act and Regulation Y set forth in this Notice. BCCI Holdings, BCCI S.A., BCCI Overseas, and ICIC Overseas shall be jointly and severally liable for such civil money penalty, and shall forfeit and pay the penalty as hereinafter provided.

256. The Board will consider taking appropriate action to reduce or remit the penalties assessed in this Notice, based

on the determination of the amount of any gain that BCCI may derive from the disposition of its shares of CCAH as required by the Board's Order of March 4, 1991, the financial condition of BCCI as it goes through liquidation, the arrangements it may make as to payments to depositors and other creditors, the degree of its cooperation with the Board, and such other matters as justice may require.

257. The penalties set forth in this Notice are assessed by the Board of Governors pursuant to Sections 8(b) and 8(d) of the BHC Act and Subparts A and B of the Board of Governors's Rules of Practice for hearings (12 C.F.R. 263.1-263.29). Remittance of the penalties set forth herein shall be made within 30 days of the date of this Notice, in immediately available funds, payable to the order of the Secretary of the Board of Governors, Washington, D.C. 20551, who shall make remittance of the same to the Treasury of the United States.

258. (a) Notice is hereby given, pursuant to Section 8(i)(2) of the FDI Act (12 U.S.C. 1818(i)(2)), made applicable to these proceedings by Section 8(b)(2) of the BHC Act (12 U.S.C. 1847(b)(2)) and Section 263.23 of the Board of Governors's Rules and Procedures for Assessment and Collection of Civil Money Penalties (12 C.F.R. 263.23), that BCCI Holdings, BCCI S.A., BCCI Overseas, and ICIC Overseas are afforded an opportunity for a formal hearing before the Board of Governors concerning these

assessments. Any request for such a hearing must be filed with the Secretary of the Board of Governors, Washington, D.C. 20551, within 20 days after the issuance and service of this Notice on each of the respondents named herein, with regard to the civil money penalty proceedings against it. A hearing, if requested, will be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest, and in all other aspects will be conducted in compliance with the provisions of the FDI Act and the Board of Governors's Rules of Practice for Hearings before an administrative law judge to be designated pursuant to applicable law as in effect at the time of such hearing.

(b) The hearing described above, may, in the discretion of the Board of Governors, be combined with the other matters set forth in this Notice, including those concerning the issuance of an order of removal and prohibition pursuant to Section 8(e) of the FDI Act.

(c) In the event that any respondent subject to a civil money penalty assessment shall fail to request a hearing within the aforementioned 20 day period, it shall be deemed, pursuant to Section 263.26 of the Board's Rules and Procedures for Assessment and Collection of Civil Money Penalties, to have waived the right to a formal hearing, and this Notice shall, pursuant to Section 8(i)(2) of the FDI Act, constitute a final

and unappealable assessment order against it, and may be referred for collection against it to the United States Department of Justice.

**CEASE AND DESIST ACTIONS AGAINST BCCI HOLDINGS,  
BCCI S.A., BCCI OVERSEAS AND ICIC OVERSEAS**

259. Notice is hereby given that a hearing will be held on September 10, 1991, at the Federal Reserve Bank of New York, 33 Liberty Street, New York, New York, for the purposes of taking evidence on the charges hereinbefore specified in order to determine whether an appropriate order should be issued under the FDI Act requiring BCCI Holdings, BCCI S.A., BCCI Overseas and ICIC Overseas to cease and desist from the violations herein specified or to take affirmative action. Appropriate affirmative action may include the issuance of a cease and desist order:

(a) requiring the payment to the Board of Governors for the expenses incurred in the investigation and prosecution of the matters alleged in this Notice, which shall be the joint and several liability of each respondent named in this paragraph; and

(b) such other relief as may be appropriate under the circumstances of this matter.

260. The hearing referred to above will be held before an administrative law judge to be appointed pursuant to 5 U.S.C. 3344. The hearing will be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest, and in all other respects will be conducted in

compliance with the provisions of the BHC Act and the Board of Governors' Rules of Practice for Hearings as in effect at the time of such hearing. The hearing may, at the discretion of the Board of Governors, be combined with the other matters set forth in this Notice, including those concerning the issuance of an order of prohibition pursuant to Sections 8(e) of the FDI Act and the issuance of a civil money penalty assessment pursuant to Sections 8(b) and (d) of the BHC Act.

261. Except as set forth in paragraph 258(c), each respondent is hereby directed to file an answer to this Notice within 20 days of service of this Notice as provided by Section 263.5(a) of the Rules of Practice for Hearings of the Board of Governors (12 C.F.R. 263.5(a)). As provided in Section 263.5(d) of those Rules (12 C.F.R. 263.5(d)), the failure of any respondent to file an answer as required by this Notice within the time provided herein shall constitute a waiver of that respondent's right to appear and contest the allegations of this Notice and authorization for the presiding officer, without further notice to such respondent, to find the facts to be as alleged in this Notice and to file with the Secretary of the Board of Governors a recommended decision containing such findings and appropriate conclusions.

262. With respect to its or his own proceeding, any respondent herein may submit, within 20 days after the issuance

and service of this Notice, to the Secretary of the Board of Governors a written statement detailing its or his reasons why the hearings described in this Notice should not be public. A respondent's failure to submit such a statement within the aforesaid period will be deemed a waiver of any interest it or he may have to a private hearing.

263. Authority is hereby delegated to the Secretary of the Board of Governors to designate the time and place and presiding officer for any hearing that may be conducted on this Notice and to take any and all actions that the presiding officer would be authorized to take under the Board of Governors's Rules of Practice for Hearings with respect to this Notice and any hearing to be conducted hereon, until such time as a presiding officer shall be designated.

Dated at Washington, D.C., this 29th day of July, 1991.

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By:



William W. Wiles

Secretary of the Board

## APPENDIX

### SUMMARY OF RECORDED CCAH STOCK TRANSACTIONS, 1982-1989

#### Legend:

**Balan. In** = Balance of shares at the beginning of the period.

**Bought** = Shares purchased through rights offering or  
from another shareholder, and the price paid.

**Sold or Foregone** = Shares sold or shares that were available to the  
shareholder in a rights offering but foregone,  
and the price paid.

**Balan. Out** = Balance of shares at the end of the period.

**% In** = Percentage of total shares held at the beginning of the period.

**% Out** = Percentage of total shares held at the end of the period.

**{** = Shares obtained through a rights offering.

**<** = Shares waived in rights offering.

**Note:** No transactions occurred in 1984.



Tender Offer of March 2, 1982

<u>Name</u>	<u>% In</u>	<u>Balan. In</u>	<u>Bought</u>	<u>Sold or Foregone</u>	<u>Balan. Out</u>	<u>% Out</u>
Kamal Adham	-	-	19,050	-	19,050	19.05%
Crescent Holding Co.	-	-	8,240	-	8,240	8.24%
Stock Holding Co.	-	-	8,240	-	8,240	8.24%
Mashriq Holding Co.	-	-	7,660	-	7,660	7.66%
Abdullah Darwaish <sup>1</sup>	-	-	13,720	-	13,720	13.72%
Faisal Saud al-Fulaij	-	-	7,180	-	7,180	7.18%
Abu Dhabi Inv. Auth.	-	-	8,240	-	8,240	8.24%
A.R. Khalil	-	-	8,240	-	8,240	8.24%
Humaid bin Rashid al-Naomi	-	-	7,070	-	7,070	7.07%
A.M. Shorafa	-	-	6,480	-	6,480	6.48%
Mohammad Hussain Qabazard	-	-	2,940	-	2,940	2.94%
Gulf Inv. Real Estate Co.	-	-	1,470	-	1,470	1.47%
Real Estate Develop. Co.	-	-	880	-	880	0.88%
Sayed Jawhary	-	-	590	-	590	0.59%
					<u>100,000</u>	<u>100.00%</u>

1. Abdullah Darwaish acted as personal representative for Sheikh Mohammad bin Zayed al-Nahyan.

Stock Purchase of August 26, 1982

<u>Name</u>	<u>% In</u>	<u>Balan. In</u>	<u>Bought</u>	<u>Sold or Foregone</u>	<u>Balan. Out</u>	<u>% Out</u>
Kamal Adham	19.05%	19,050	-	-	19,050	16.32%
Crescent Holding Co.	8.24%	8,240	-	-	8,240	7.06%
Stock Holding Co.	8.24%	8,240	-	-	8,240	7.06%
Mashriq Holding Co.	7.66%	7,660	-	-	7,660	6.56%
Abdullah Darwaish	13.72%	13,720	-	-	13,720	11.76%
Faisal Saud al-Fulaij	7.18%	7,180	2,835 @\$1800	-	10,015	8.58%
Abu Dhabi Inv. Auth.	8.24%	8,240	-	-	8,240	7.06%
A.R. Khalil	8.24%	8,240	1,667 @\$1800	-	9,907	8.49%
Humaid bin Rashid al-Naomi	7.07%	7,070	-	-	7,070	6.06%
A.M. Shorafa	6.48%	6,480	1,111 @\$1800	-	7,591	6.51%
Mohammad Hussain Qabazard	2.94%	2,940	-	-	2,940	2.52%
Gulf Inv. Real Estate Co.	1.47%	1,470	-	-	1,470	1.26%
Real Estate Develop. Co.	0.88%	880	-	-	880	0.75%
Sayed Jawhary	0.59%	590	-	-	590	0.51%
Khalifa bin Zayed al Nahyan	0.00%	0	11,087 @\$1800	-	11,087	9.50%
					<u>116,700</u>	<u>100.00%</u>

Transactions in 1983, Including Rights Offering of December 22, 1983

<u>Name</u>	<u>% In</u>	<u>Balan. In</u>	<u>Bought</u>	<u>Sold or Foregone</u>	<u>Balan. Out</u>	<u>% Out</u>
Kamal Adham	16.32%	19,050	2,940 @ \$696 <sup>1</sup> 1,470 @ \$1905 <sup>2</sup> { 6,564 @ \$1905 { 295 @ \$1905 <sup>3</sup>	< 1,351 @ \$1905 <sup>4</sup> 4,000 @ N/A <sup>7</sup>	26,319	16.86%
Crescent Holding Co.	7.06%	8,240	{ 2,780 @ \$1905 { 1,351 @ \$1905 <sup>4</sup> { 374 @ \$1905 <sup>5</sup>	-	12,745	8.16%
Stock Holding Co.	7.06%	8,240	{ 2,780 @ \$1905	-	11,020	7.06%
Mashriq Holding Co.	6.56%	7,660	{ 2,583 @ \$1905	-	10,243	6.56%
Mohammad bin Zayed al Nahyan <sup>8</sup>	11.76%	13,720	-	13,720 @ N/A <sup>6</sup>	0	0.00%
Faisal Saud al- Fulaij	8.58%	10,015	{ 3,378 @ \$1905	-	13,393	8.58%
Abu Dhabi Inv. Auth.	7.06%	8,240	{ 2,780 @ \$1905	-	11,020	7.06%
A.R. Khalil	8.49%	9,907	{ 3,343 @ \$1905	-	13,250	8.49%
Humaid bin Rashid al-Naomi	6.06%	7,070	{ 2,012 @ \$1905	< 374 @ \$1905 <sup>5</sup>	9,082	5.82%
A.M. Shorafa	6.51%	7,591	{ 2,563 @ \$1905	-	10,154	6.51%
Mohammad Hussain Qabazard	2.52%	2,940	-	2,940 @ \$696 <sup>1</sup>	0	0.00%
Gulf Inv. Real Estate Co.	1.26%	1,470	-	1,470 @ \$1905 <sup>2</sup>	0	0.00%
Real Estate Develop. Co.	0.75%	880	-	< 295 @ \$1905 <sup>3</sup>	880	0.57%
Sayed Jawhary	0.51%	590	{ 201 @ \$1905	-	791	0.51%
Khalifa bin Zayed al Nahyan	9.50%	11,087	{ 3,741 @ \$1905	-	14,828	9.50%
Zayed bin Sultan al Nahyan	0.00%	0	13,720 @ N/A <sup>6</sup> { 4,630 @ \$1905	-	18,350	11.76%
Adham Corp.	0.00%	0	4,000 @ N/A <sup>7</sup>	-	4,000	2.56%
						156,075 100.00%

1. On December 19, 1983, Kamal Adham bought 2,940 shares from Mohammad Hussain Qabazard.
2. On December 20, 1983, Kamal Adham bought 1,470 shares from Gulf Investment Real Estate Co.
3. In the December 1983 rights offering, Kamal Adham acquired 295 shares, rights to which were waived by Real Estate Development Co.
4. In the December 1983 rights offering, Crescent Holding Co. acquired 1,351 shares, rights to which were waived by Kamal Adham.
5. In the December 1983 rights offering, Crescent Holding Co. acquired 374 shares, rights to which were waived by Humaid bin Rashid al-Naomi.
6. On December 16, 1983, Mohammad bin Zayed al Nahyan transferred his 13,720 shares to his father, Sheikh Zayed bin Sultan al Nahyan.
7. On December 31, 1983, Kamal Adham transferred 4,000 shares to Adham Corp.
8. In December 1982, Sheikh Mohammad bin Zayed al-Nahyan assumed legal title to his CCAH shares from Abdullah Darwaish.

Transactions in 1985 and 1986, Including Rights Offering of July 25, 1986

<u>Name</u>	<u>% In</u>	<u>Balan. In</u>	<u>Bought</u>	<u>Sold or Foregone</u>	<u>Balan. Out</u>	<u>% Out</u>
Kamal Adham	16.86%	26,319	{8,544 @ \$2216	2,800 @ \$5000 <sup>1</sup> 2,200 @ \$5000 <sup>2</sup> 1,619 @ \$5000 <sup>6</sup>	28,244	12.63%
Crescent Holding Co.	8.16%	12,745	2,800 @ \$5000 <sup>1</sup>	15,545 @ \$4044 <sup>4</sup>	0	0.00%
Stock Holding Co.	7.06%	11,020	2,200 @ \$5000 <sup>2</sup>	13,220 @ \$4044 <sup>3</sup>	0	0.00%
Mashriq Holding Co.	6.56%	10,243	{8,550 @ \$2216 13,220 @ \$4044 <sup>3</sup> 15,545 @ \$4044 <sup>4</sup>	<4,495 @ \$2216 <sup>10</sup> <2,247 @ \$2216 <sup>11</sup> 22,152 @ \$6094 <sup>8</sup> 3,746 @ \$2216 <sup>7</sup>	21,660	9.68%
Faisal Saud al-Fulaij	8.58%	13,393	880 @ \$2100 <sup>5</sup> {6,190 @ \$2216	-	20,463	9.14%
Abu Dhabi Inv. Auth.	7.06%	11,020	{4,779 @ \$2216	-	15,799	7.06%
A.R. Khalil	8.49%	13,250	-	<5,747 @ \$2216 <sup>9</sup>	13,250	5.92%
Humaid bin Rashid al-Naomi	5.82%	9,082	{3,939 @ \$2216	-	13,021	5.82%
A.M. Shorafa	6.51%	10,154	{6,731 @ \$2216 1,619 @ \$5000 <sup>6</sup> 3,746 @ \$2216 <sup>7</sup>	-	22,250	9.94%
Real Estate Develop. Co.	0.57%	880	-	880 @ \$2100 <sup>5</sup>	0	0.00%
Sayed Jawhary	0.51%	791	{ 343 @ \$2216	-	1,134	0.51%
Khalifa bin Zayed al Nahyan	9.50%	14,828	{6,431 @ \$2216	-	21,259	9.50%
Zayed bin Sultan al Nahyan	11.76%	18,350	{7,959 @ \$2216	-	26,309	11.76%
Adham Corp.	2.56%	4,000	{1,735 @ \$2216	-	5,735	2.56%
Khalid bin Salim bin Mahfouz	0.00%	0	22,152 @ \$6094 <sup>8</sup>	-	22,152	9.90%
Mohammad M. Hammoud	0.00%	0	{5,747 @ \$2216 <sup>9</sup>	-	5,747	2.57%
Clark M. Clifford	0.00%	0	{4,495 @ \$2216 <sup>10</sup>	-	4,495	2.00%
Robert A. Altman	0.00%	0	{2,247 @ \$2216 <sup>11</sup>	-	2,247	1.01%
					223,765	100.00%

1. On July 23, 1986, Kamal Adham sold 2,800 shares to Crescent Holding Co.
2. On July 23, 1986, Kamal Adham sold 2,200 shares to Stock Holding Co.
3. On July 24, 1986, Stock Holding Co. sold its 13,220 shares to Mashriq Holding Co.
4. On July 24, 1986, Crescent Holding Co. sold its 15,545 shares to Mashriq Holding Co.
5. On February 16, 1985, Real Estate Development Co. sold its 880 shares to Faisal Saud al-Fulaij.
6. On July 23, 1986, Kamal Adham sold 1,619 shares to Ali Mohammad Shorafa.
7. On July 24, 1986, Mashriq Holding Co. sold 3,746 shares to Ali Mohammad Shorafa.
8. On July 24, 1986, Mashriq Holding Co. sold 22,152 shares to five limited holding companies owned by the Sheikh Khalid bin Salem bin Mahfouz family.
9. In the July 1986 rights offering, Mohammad M. Hammoud acquired 5,747 shares, rights to which were waived by A.R. Khalil.
10. In the July 1986 rights offering, Clark M. Clifford acquired 4,495 shares, rights to which were waived by Mashriq Holding Co.
11. In the July 1986 rights offering, Robert A. Altman acquired 2,247 shares, rights to which were waived by Mashriq Holding Co.

Transactions in 1987, Including Rights Offering of August 14, 1987

<u>Name</u>	<u>% IN</u>	<u>Balan.</u> <u>In</u>	<u>Bought</u>	<u>Sold or</u> <u>Foregone</u>	<u>Balan.</u> <u>Out</u>	<u>% Out</u>
Kamal Adham	12.63%	28,244	{5,974 @\$2430		34,218	12.63%
Mashriq Holding Co.	9.68%	21,660	{4,581 @\$2430		26,241	9.68%
Faisal Saud al-Fulaij	9.14%	20,463	{4,328 @\$2430	-	24,791	9.14%
Abu Dhabi Inv. Auth.	7.06%	15,799	{3,342 @\$2430	-	19,141	7.06%
A.R. Khalil	5.92%	13,250	-	<2,803 @\$2430 <sup>1</sup>	13,250	4.89%
Humaid bin Rashid al-Naomi	5.82%	13,021	{2,754 @\$2430	-	15,775	5.82%
A.M. Shorafa	9.94%	22,250	{4,706 @\$2430	-	26,956	9.94%
Sayed Jawhary	0.51%	1,134	{ 240 @\$2430	-	1,374	0.51%
Khalifa bin Zayed al Nahyan	9.50%	21,259	{4,497 @\$2430	-	25,756	9.50%
Zayed bin Sultan al Nahyan	11.76%	26,309	{5,565 @\$2430	-	31,874	11.76%
Adham Corp.	2.56%	5,735	{1,213 @\$2430	-	6,948	2.56%
Khalid bin Salim bin Mahfouz	9.90%	22,152	{4,685 @\$2430	-	26,837	9.90%
Mohammad M. Hammoud	2.57%	5,747	{1,216 @\$2430 {2,803 @\$2430 <sup>1</sup>	-	9,766	3.60%
Clark M. Clifford	2.00%	4,495	{ 951 @\$2430	-	5,446	2.00%
Robert A. Altman	1.01%	2,247	{ 475 @\$2430	-	2,722	1.01%
					<u>271,095</u>	<u>100.00%</u>

1. In the August 1987 rights offering, Mohammad M. Hammoud purchased 2,803 shares, rights to which were waived by A.R. Khalil.

Transactions in 1988

<u>Name</u>	<u>% IN</u>	<u>Balan.</u> <u>In</u>	<u>Bought</u>	<u>Sold or</u> <u>Foregone</u>	<u>Balan.</u> <u>Out</u>	<u>% Out</u>
Kamal Adham	12.63%	34,218	-	-	34,218	12.63%
Mashriq Holding Co.	9.68%	26,241	-	-	26,241	9.68%
Faisal Saud al-Fulaij	9.14%	24,791	-	-	24,791	9.14%
Abu Dhabi Inv. Auth.	7.06%	19,141	-	-	19,141	7.06%
A.R. Khalil	4.89%	13,250	-	-	13,250	4.89%
Humaid bin Rashid al-Naomi	5.82%	15,775	-	-	15,775	5.82%
A.M. Shorafa	9.94%	26,956	-	-	26,956	9.94%
Sayed Jawhary	0.51%	1,134	-	-	1,374	0.51%
Khalifa bin Zayed al Nahyan	9.50%	25,756	-	-	25,756	9.50%
Zayed bin Sultan al Nahyan	11.76%	31,874	-	-	31,874	11.76%
Adham Corp.	2.56%	6,948	-	-	6,948	2.56%
Khalid bin Salim bin Mahfouz	9.90%	26,837	-	-	26,837	9.90%
Mohammad M. Hammoud	3.60%	9,766	3,200 @\$6800 <sup>1</sup> 1,600 @\$6800 <sup>2</sup>	-	14,566	5.37%
Clark M. Clifford	2.00%	5,446	-	3,200 @\$6800 <sup>1</sup>	2,246	0.83%
Robert A. Altman	1.01%	2,722	-	1,600 @\$6800 <sup>2</sup>	1,122	0.41%
						271,095 100.00%

1. On March 1, 1988, Clark M. Clifford sold 3,200 shares to Mohammad M. Hammoud.

2. On March 1, 1988, Robert A. Altman sold 1,600 shares to Mohammad M. Hammoud.



Transactions in 1989, Including Rights Offering of July 18, 1989

<u>Name</u>	<u>% IN</u>	<u>Balan.</u> <u>In</u>	<u>Bought</u>	<u>Sold or</u> <u>Foregone</u>	<u>Balan.</u> <u>Out</u>	<u>% Out</u>
Kamal Adham	12.63%	34,218	{2,275 @ \$2774	-	36,493	12.62%
Mashriq Holding Co.	9.68%	26,241	{1,745 @ \$2774	-	27,986	9.68%
Faisal Saud al-Fulaij	9.14%	24,791	{1,648 @ \$2774	-	26,439	9.14%
Abu Dhabi Inv. Auth.	7.06%	19,141	{1,273 @ \$2774	1,273 @ \$2774 <sup>1</sup>	19,141	6.62%
A.R. Khalil	4.89%	13,250	-	< 881 @ \$2774 <sup>2</sup>	13,250	4.59%
Humaid bin Rashid al-Naomi	5.82%	15,775	{1,049 @ \$2774	-	16,824	5.82%
A.M. Shorafa	9.94%	26,956	{1,792 @ \$2774	-	28,748	9.94%
Sayed Jawhary	0.51%	1,374	{ 91 @ \$2774	-	1,465	0.51%
Khalifa bin Zayed al Nahyan	9.50%	25,756	{1,712 @ \$2774, 1,273 @ \$2774 <sup>1</sup>	-	28,741	9.94%
Zayed bin Sultan al Nahyan	11.76%	31,874	{2,120 @ \$2774	-	33,994	11.76%
Adham Corp.	2.56%	6,948	{ 462 @ \$2774	-	7,410	2.56%
Khalid bin Salim bin Mahfouz	9.90%	26,837	-	<1,785 @ \$2774 <sup>3</sup>	26,837	9.28%
Mohammad M. Hammoud	5.37%	14,566	{ 968 @ \$2774, { 881 @ \$2774 <sup>2</sup> , {1,785 @ \$2774 <sup>3</sup>	-	18,200	6.30%
Clark M. Clifford	0.83%	2,246	{ 149 @ \$2774	-	2,395	0.83%
Robert A. Altman	0.41%	1,122	{ 75 @ \$2774	-	1,197	0.41%
					289,120	100.00%

1. After acquiring 1,273 shares in the July 1989 rights offering, the Abu Dhabi Investment Authority sold those shares to Sheikh Khalifa bin Zayed al Nahyan on July 18, 1989.

2. In the July 1989 rights offering, Mohammad M. Hammoud bought 881 shares, rights to which were waived by A.R. Khalil.

3. In the July 1989 rights offering, Mohammad M. Hammoud acquired 1,785 shares, rights to which were waived by Khalid bin Salim bin Mahfouz.