

## Abu Dhabi rulers to cooperate with US investigations

## US Justice Dept blocked BCCI subpoenas: Ex-attorney

WASHINGTON, May 15: The US Justice Department had refused to enforce several subpoenas in the investigation of the Bank of Credit and Commerce International, the former US attorney in Miami said on Thursday, reports Reuter.

Dexter Lehtinen said Department officials denied him permission last year to seek enforcement of subpoenas his assistants had issued for evidence in several foreign countries including Britain, France, Luxembourg, the Bahamas and Cayman Islands without giving him a reason.

Permission was granted to force compliance with subpoenas for evidence in Panama and the United Arab Emirates, he said.

"We were not permitted to enforce the subpoenas. I don't

know why. I don't recall a specific reason for disapproval. Lehtinen told a US Senate Foreign Relations Committee hearing. He left office this January.

BCCI was closed world-wide last July 5 by regulators in the United States and several other countries who charged it had engaged in massive fraud. The bank has pleaded guilty to federal racketeering charges in the United States.

Lehtinen said the Department's permission was needed for him to go to a US Federal judge to seek an order forcing BCCI to comply with the subpoenas. He said he wrote several letters last year asking for approval and made several verbal requests without success.

Lehtinen did not directly criticise US Attorney General William Barr or any other

Department officials, but did say he and his staff were often frustrated in their efforts to prosecute the case.

Asked by Democratic Senator John Kerry, the hearing chairman, if he thought it would be fair to say the investigation was not being handled expeditiously, Lehtinen replied, yes, that would be fair.

The Justice Department has said charges against BCCI will be brought as soon as possible. Wednesday, a 100-count indictment was issued by a Miami grand jury against former Centrust Bank Chairman David Paul in connection with the BCCI case, superseding a 22-count indictment.

Another report adds: The government of Abu Dhabi said on Thursday it would cooperate with the US investigation

of the Bank of Credit and Commerce International as much as its laws permitted.

Abu Dhabi ruler Sheikh Zayed bin Sultan al Nahyan, his son Sheikh Khalifa bin Zayed al Nahyan, the Abu Dhabi Department of Finance and the Abu Dhabi Investment Authority said in a joint statement that they were the majority shareholders of BCCI.

"Our appearance here today should signal to you our desire to cooperate with the investigative efforts of your subcommittee and other competent US authorities, to the extent that we are able to do so in a manner consistent with our own vital interests and the law of the United Arab Emirates," the majority shareholders said.

They said 18 BCCI officials have been charged in Abu Dhabi with fraud and other violations at the bank and were being held pending trial there.

They said the federal prosecutor in Abu Dhabi ordered that all BCCI proceedings be held in closed session and that all documents relating to the case remain confidential.

BCCI was closed by regulators in the United States and several other countries last July 5 amid allegation of widespread fraud.

The shareholders said they had turned over about 10,000 documents relating to BCCI's ownership of US banks, including First American Bankshares of Washington, to the US Federal Reserve Board. A Federal Reserve attorney said they had been cooperative.

The ruler of Abu Dhabi and

his eldest son and the Abu Dhabi Investment Authority have been responsive to the board's request regarding First American, "Viegil Mattingly, Chief Counsel of the Federal Reserve told the subcommittee.

Mattingly said the Federal Reserve was seeking access to some of the former BCCI officials in Abu Dhabi and was hopeful that its request would be granted.

The shareholders said they were working with liquidators of the bank to provide a fund of two billion US dollar for depositors and other creditors of BCCI.

"The majority shareholders are by far the greatest victims of the frauds. The losses they have suffered total in excess of six billion US dollar," the statement said.

## Muslim scholars sanction stock trade

JIDDAH, May 15: Muslim scholars sanctioned stock exchange dealings and euthanasia in a statement released Thursday at the end of a six-day conference on Islamic jurisprudence, reports AP.

The statement by the Islamic Fiqh (jurisprudence) Academy said individuals could trade in shares as long as these were not put up by companies that "deal in usury or undertake anti-Islamic activities."

The Academy is an affiliate of the Jiddah-based, 46-member Organisation of Islamic Conference. The OIC is a political umbrella for Muslim countries.

More than 110 theologians, economists, physicians and experts from various parts of the Islamic world participated in the conference.

Euthanasia was approved as a way to stop the suffering of those fighting incurable diseases.

The scholars decreed that physicians and relatives of the sick could decide to stop the treatment of a suffering patient if the person is unable to do so and only when there was no hope of recovery. They stressed that the sick should still be cared for after medical treatment is suspended.

On the issue of stock holding, the scholars said that "there is nothing anti-Islamic in underwriting shares or paying their value in instalment." They said shares pay back profits, not interest, and therefore were condoned.

Under Islamic law, levying interest is a form of usury and strictly prohibited.

The Academy sanctioned share premium and the flotation of shares to increase capital of joint-stock firms, but warned that "it is against Islam to buy shares through loans obtained with interest charges."

It approved the use of credit cards, sanctioning annual fees but rejecting any interest charges.

## Olympia gets bankruptcy protection in Canada

NEW YORK, May 15: Olympia and York, the world's biggest commercial landlord, has obtained bankruptcy protection in Canada and is seeking similar protection in the United States on Friday, reports AP.

It wasn't immediately clear how the move would affect the developer's massive global holdings—including Manhattan's world Financial Center, Toronto's First Canadian Place, and other skyscrapers from London to Dallas.

Its President, Gerald Greenwald, confirmed the bankruptcy proceedings in a statement late Thursday, saying the moves "represent an appropriate step in Olympia and York's restructuring which will ensure the long-term viability of the company."

Greenwald said the filings would enable the company to operate more efficiently and allow it to focus on liquidity problems. The company scheduled a news conference for Friday morning in London.

The move Thursday was a severe blow to the prestige of Toronto-based Olympia and York Developments Ltd and a dramatic illustration of the severity of the worldwide property recession.

Burdened by \$2.2 billion dollar in real estate debt and an extra payments on a number of loan and bond deals that unraveled as its office towers lost tenants and huge projects drained away cash.

## Defence gets \$ 3.26b, health \$ 320m and edn \$ 240m

## Pakistan announces \$11b budget

ISLAMABAD, May 15: Pakistan announced a 11 billion US dollar budget on Thursday that increases defence spending but seeks to cut the overall deficit, reports Reuter and AP.

Finance Minister Sartaj Aziz told parliament defence would get \$2.15 billion rupee (3.26 billion US dollar) in fiscal 1992/93 beginning on July 1, 8.4 per cent more than in the previous year and 37.5 per cent of the total current expenditures.

He said the budget deficit would not exceed 65 billion rupee (2.58 billion US dollar) or about five per cent of the Gross Domestic Product (GDP). It would be less than the previous year's estimated deficit of about 79 billion rupee (3.13 billion US dollar).

Prime Minister Nawaz Sharif called it a "poor man's budget" which he said would not burden low-income groups. "Efforts have been made to solve problems of poor man within the available resources," he told reporters after the presentation of the budget to the National Assembly.

But opposition leader Benazir Bhutto criticised the

budget. She said it was just a "mini-budget" and the government would bring in harsh measures later.

"Wait for the big budget, it will not give any relief to the poor," she said.

The budget appeared to be welcomed at Pakistan's main Karachi Stock Exchange (KSE) where the 100-share price index rose 4.41 points to 1,492.9 billion rupee (11.64 billion US dollar) budget left a gap of 89 billion rupee (3.53 billion US dollar) in resources.

But the government would mobilise 24 billion rupee (953 million US dollar) from new taxation and savings in government spendings, leaving a deficit of about 65 billion rupee to be met by borrowing.

This will be close to a deficit target of 4.8 per cent of the GDP set by the International Monetary Fund as part of its conditions for helping Pakistan.

Western aid donors have been pressing Pakistan to reduce its budget deficit by increasing its revenue and limiting defence expenditure and other non-development spending.

But Islamabad says defence will remain its top priority so long as it feels a threat from its traditional foe India.

The budget puts the 1992/93 debt servicing at 93.17 billion rupee, an increase of 16.4 per cent over the revised estimates of the previous year.

Aziz said the government would cut its own expenses by reducing the number of federal ministries and attacked departments. But no one would lose their job in the process.

Pakistan will spend 240 million dollar to educate its mostly illiterate population of 120 million.

Health care was given 320 million dollar. Providing clean drinking water, something few people in Pakistan have, was allocated 120 million dollar.

The average annual wage in Pakistan is 420 dollar.

Inflation is expected to run about 9.5 per cent, although several economists say the unofficial rate is nearer to 15 per cent.

Prices of almost everything will increase as the government slashes its subsidies by nearly 39 per cent and adds a

sales tax to a whole host of items that had previously been exempt.

Flour was the only commodity to escape the tax hike.

Luxury items were targeted in 'Aziz budget'. Additional taxes have been added to air travel, air conditioners and cars.

Aziz said Pakistan hopes to collect an additional 680 million dollar in taxes this year. Resigned to the fact that businesses in Pakistan avoid paying taxes, Aziz said his government will tack an additional tax onto commercial utility bills, like electricity and telephone.

Meanwhile, Aziz said his government's dream of an industrial revolution for Pakistan was given a boost in the budget which offered a five year tax holiday and capital gains tax exemption for industries with 40 per cent foreign investment.

Sharif, whose family owns Pakistan's largest steel foundry, has embarked on an ambitious privatization scheme that targets a legion of state-owned industries, including banking and telecommunications.

## Protesters rampage Lagos

LAGOS (Nigeria), May 15: Anti-government protesters enraged by years of economic hardship rampaged across Nigeria's capital Thursday, looting, smashing windows and doors, and setting fires, reports AP.

Police said two people died Wednesday in the riots triggered by a gasoline shortage in this West African nation that is one of the world's major oil producers.

Other sources reported between two and four more deaths Thursday.

Police Commissioner Yemi Odubela said one of the victims died from bullet wounds, but insisted his men were firing only tear-gas canisters. Reporters watched police fire shots into the air Thursday, but could not tell whether they used live or dummy bullets.

Demonstrators armed with iron bars, rocks, clubs and gardening tools fought the police.

"Babangida, Must Go! Go!" they yelled, demanding the resignation of President Ibrahim Babangida's military government.

Burning tires marked barricades set up to enforce a 48-hour general strike called by the Nigerian Labour Congress.

## Chinese get a lesson in investment risks

BEIJING, May 15: A Chinese investor who lost money on the Shanghai Stock Exchange hanged himself, and an official newspaper Friday warned would-be punters to take the suicide as a lesson on investment risk, reports Reuter.

A 41-year old company worker, identified only as Kang, killed himself on April 20 after he lost 6,449 yuan (US dollar 1,172) on shares of Shanghai Yangzhong Industrial. The Liberation Daily said.

The stock became the centre of attention this week after an official investigation into a scandal over share price manipulation.

The trading and industrial blue-chip was the first Chinese company to issue shares to the public since 1949, and the scandal is one of the most serious since the Shanghai market opened its doors in December 1990.

The Liberation Daily used Kang's case as an object lesson and, in an editorial, delivered a homily on investment risk.

"It's not right to believe that socialist shareholding leads automatically to big fortunes," it said.

## USA plans to pay UN \$ 300 m

WASHINGTON, May 15: The United States plans to pay nearly all of its 300 million dollar in 1992 dues to the United Nations, while continuing to meet payments its arrears, the State Department said Thursday, reports AP.

One of the priorities of President George Bush has continuously been to get us out of our arrearage situation at the United Nations spokeswoman Margaret Tutwiler said.

Bush and Secretary of State James Baker discussed the serious cash crunch facing the United Nations during a meeting here Wednesday with UN Secretary General Boutros Boutros Ghali.

The United States owes a total 555 million dollar to the world body, including 1992 annual dues of 298.5 million dollar. Another 104.3 million dollar is owed for peace-keeping missions.

## Bush plays a financial trick against his rivals

WASHINGTON, May 15: The White House Thursday released a detailed financial accounting for President George Bush and his wife which put their net worth at 3.7 million dollar and challenged all presidential candidates to make the same public disclosure, reports Reuter.

"We certainly like to lead by example," said White House Deputy Press Secretary Judy Smith in calling for a detailed public accounting by all White House aspirants.

"We certainly would encourage... all candidates to make full disclosure on their financial disclosure form" and to release their full income tax forms, she said.

White House and campaign officials acknowledged that they hope the release of detailed financial statements by Bush will put pressure on billionaire Ross Perot, who appears likely to make an independent bid for the White House, to let the public examine his personal finances.

"It's only fair that he be subjected to the same scrutiny as everyone else," said one official. "He's not very well known and it's time he let people find out more about him."

Perot has said he would think about releasing details of his financial situation. Arkansas Governor Bill Clinton, the apparent democratic nominee, has made a partial release of his tax forms from last year.

Government disclosure laws, however, do not apply to either Perot or Clinton since they do not hold Federal office.

According to Bush's disclosure statement, last year he earned 1,298,000 dollar from a blind trust set up to handle his financial affairs after he became Vice-President in 1981.

Under terms of the trust, he is not aware of its investments to avoid conflict of interest.

The value of the Bush holiday home in Kennebunkport, Maine, was put at 2,196,000 dollar and an empty lot in Houston was listed as having a value of 79,000 dollar.

Bush exceeded Federal financial disclosure requirements, opting to cite specific dollar amounts rather than take advantage of the vague ranges that Federal officials have the option of checking.

Hestate, for example, that he had 13,000 dollar in a checking account in Washington rather than describe it as an account containing between 1,001 dollar and 15,000 dollar as required under Federal reporting laws.

Bush and First Lady Barbara Bush accepted a total of 21,329 dollar in gifts from 75 individuals last year—much of it either golf or fishing gear for recreational use.

They listed the names of the donors and the value of the gifts, including a 265 dollar briefcase from comic dan aykroyd, eight neckties worth 556 dollars and two scarves valued at 268 dollar from musician Lionel Hampton.

Representative Dan Rostenkowski of Illinois, the Democratic Chairman of the House of Representatives Ways and Means Committee, gave him a golf putter and hair products worth 143 dollar and Senator Sam Nunn of Georgia, the democratic head of the Armed Services Committee, presented with a 250 dollar gold club.

Other gifts included three bathrobes and two sweatshirts worth 290 dollar from Ivana Trump, the former wife of Tycoon Donald Trump and a 225 dollar belt buckle from Chuck Yeager, famed air force test pilot.

Golf Pro Arnold Palmer gave Bush golf clubs worth 1,132 dollar and the National Italian American Foundation gave the President a 900 dollar briefcase.

Bush turned over to the Federal government most gifts he received from foreign heads of state, although Mrs Bush kept two porcelain figurines worth 150 dollars which were given by Hannelore Kohl, the wife of German leader Helmut Kohl.

The First Lady also kept a 135 dollar necklace which was a gift from Vytautas Landsbergis, the President of Lithuania.

## German workers turn down leaders' deal

FRANKFURT, May 15: Germany's critical 1992 wage round took a turn for the worse when public sector workers rejected a pay deal agreed by their leaders last week, reports Reuter.

Their vote raised the spectre of more strikes in the public sector after the recent 11 days of chaos across Western Germany.

But there were no immediate plans to resume work.

The twist in the public service dispute came as Germany braced for an onslaught of strikes in the private sector, led by the engineering industry.

Almost 100,000 West German metal and engineering workers downed tools in token strikes to back their pay claim.

The main public sector union OETV said only 44.1 per cent of its 500,000 members eligible to vote had approved a package hammered out between unions' and employers' leaders last week.

well below the 50 per cent needed to approve the deal.

"We must say self-critically that we had not anticipated this," OETV President Monika Wulf-Mathies told a news conference in Stuttgart. It was particularly surprising that lower-paid workers, who received higher rises under the deal, had given it least support, she said.

She added said the union's board would not yet use its power to override the ballot result, and accept the deal.

The board proposes that we should use the next few days to discuss this new situation directly in the regions and allow opinions to be formed," she said.

The OETV strike, halted after last week's pay deal, will stay suspended until May 25 when the union's board will meet again to plot its next move.

May 25 is also the date set for the start of a possible strike in the engineering sector.

## Business briefs

**BOJ lends banks 90 b yen more:** The Bank of Japan (BOJ) made an Additional 90 billion yen loan to banks, money traders said. The Central Bank later confirmed the operation, reports Reuter from Tokyo.

In early Friday afternoon, the BOJ had already made 90 billion yen loans to banks. The latest operation brought to a total 180 billion yen the afternoon's injection into the money market. Earlier in the morning, the central bank provided a net one trillion yen for the money market through bill purchases. Friday is the last day of the current Bank reserve period.

**EC members agree to lower interest:** The objective of lower interest rates is shared by all members of the European Community and the priority is to coordinate as closely as possible to attain that goal, French Finance Minister Michel Sapin said, reports Reuter from Paris.

He told a news conference that, following last weekend's informal meeting of EC Finance Ministers in Portugal, the discussions will intensify on what policies need to be adopted to get interest rates down.

**EC bid to ban tobacco ad hits snag:** European Community efforts to ban all tobacco advertising and sponsorship except at the point of sale will be blocked once again by a minority of EC countries on Friday, diplomats said here Thursday, reports AP from Brussels.

Britain, Germany and the Netherlands are considered certain to block the ban on the grounds that the EC has no business making moral judgements against smoking, or stopping traders from advertising a product which is not illegal.

**Shah's brother's Beverly mansion seized:** Federal authorities asked a judge on Thursday to allow them to seize a two million dollar Beverly Hills mansion owned by the late Shah of Iran's brother, who was arrested last Friday on drugs charges, reports Reuter from Los Angeles.

Mahmoud Reza Pahlavi, 62, was taken into custody at his home on charges of possessing more than a pound (45 kg) of opium for sale and personal use. Police and drug agents also seized smoking pipes, drug-weighing scales and weapons in the raid.



CONFIDENCE REALLY CAME BACK? Trading at New Delhi's stock market began briskly on May 14 as government agencies stepped in to prevent nosedive of prices triggered by India's murkiest stock scam that has wiped out 25 billion dollar in paper money. —AFP photo

## Indian savers may go back to gold

LONDON, May 15: Scandal-driven losses in the Bombay Stock Exchange combined with the recent liberalisation of Indian gold imports could prompt local investors to seek refuge in the precious metal, analysts said, reports Reuter.

"Locals will have had it proved to them that sophisticated financial markets are all very well, but if people are going to muck about with them they'd rather have something tangible," said Rhon O'Connell, analyst Tat Williams Debroe.

"A flight to quality is ood on," she said. Since the scandal broke in late April, the 30-stock Bombay Stock Exchange (BSE) index has fallen more than 20 per cent and the 100-share national index about 18 per cent.

Bankers in Bombay have said senior market makers took advantage of sloppy bureaucratic procedures to divert bank funds into market deals.

Now the scandal could prompt a rise in demand in India's large gold market, especially as the furor has broken when gold is more legally available than ever before.

A ban on imports was lifted in the February budget, and in April import duty was halved to 220 rupee per 10 grammes from 450, to combat smuggling.

"Savers in India will look at old, scandal-free gold and see its traditional advantages. It could such in extra imports of both gold and silver," said Andrew Smith, an analyst at UBS.

In developing countries people have often trusted gold to keep its value better than bonds and stocks, which are seen as more prone to the ravages of inflation.

"A lot depends on the shockwaves and how long the

scandal goes on. Given accusations that the government is implicated by using it up so that the budget would have an easier ride, it's an interesting new combination for gold," Smith said.

Despite its lifting of the import ban, the budget itself did more to encourage investment in equities than in gold. Gold's price fell along with the premium for black market stocks smuggled through

## Airports asked to halt Mehta

NEW DELHI, May 15: Indian airports have received orders to prevent a multi-millionaire broker from leaving in connection with the country's biggest-ever stock market fiddle, the Indian Express reported Thursday, says AFP.

The Express said similar orders on half a dozen financial bigwigs were also expected in connection with the scam which wiped 25 billion dollar off the stockmarket after it surfaced in April.

There was no official confirmation of the dailies' report, but it said the India-wide alert to stop Harshad Mehta, the Bombay-based trader, from fleeing was issued Wednesday.

Mehta, 37, is accused of siphoning 230 million dollar from the government bond

market and investing it in the stock market for personal profit. Several top bankers allegedly connived with Mehta in the scam.

Central Bureau of Investigation (CBI) officials in New Delhi Thursday said a team of stock market investigators would reach Bombay, India's commercial hub, next week to launch a probe into the fraud.

Finance Minister Manmohan Singh has asked the CBI to launch the country's biggest ever investigation into the market and has put three top bankers on forced leave pending the enquiry.

Three international and 20 national banks too have been ordered to prepare statements on their government bond transactions.