

## \$25m 'drug money' frozen in BCC closure

MORE than \$25 million in suspected drug money was frozen in the Bank of Credit and Commerce (Hongkong) when it was closed down by the Government earlier this month.

The \$25.2 million, restrained in April by the Narcotics Bureau under the Drug Trafficking (Recovery of Proceeds) Ordinance, allegedly belonged to a man under investigation for international drug trafficking.

The \$25.2 million was left in the bank pending a civil action between the police and BCC, and was part of \$125 million frozen by the Government in 35 accounts at four BCC branches.

It is understood the bank wanted to vary the restraining order on the money, which is believed to have been used to offset an unknown amount as a loan.

The remaining \$100 million was frozen by the Nar-

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cotics Bureau's financial investigation group out of the bank's control.

The future of the \$25.2 million is not known as it is up to the Government-appointed liquidator, Mr Noel Gleeson, to decide the distribution of the bank's assets.

Chief Superintendent David Hodson, head of the Narcotics Bureau, said the \$125 million was "restrained" following a request by United States authorities under reciprocal drug trafficking agreements.

The alleged drug trafficker, Law Kin-man, who was arrested on December 7, 1989, is in prison pending an appeal against his extradition to stand trial in New York.

The man who allegedly laundered the \$125 million for Law, Lau Chak-man, is on bail pending his trial in Hongkong next year.

Mr Albert Cheok, deputy commissioner of banking, said this money had nothing to do with "the bank within a bank" system blamed for the downfall of the BCC's parent company.

"This is a totally separate case from the suspected massive fraud in the rest of the group," he said.

But BCC's link to tainted money grew last week when it was revealed jailed businessman Chandru Thanwadas Mirchandani had US\$500,000 (HK\$3.9 million) invested in the bank at the height of his illegal dealings in 1982.

Mirchandani, 56, was convicted in April 1990 on 19 charges of defrauding five banks of \$80 million between 1982 and 1983.

He was sentenced to 8½ years' jail and fined \$30 million.