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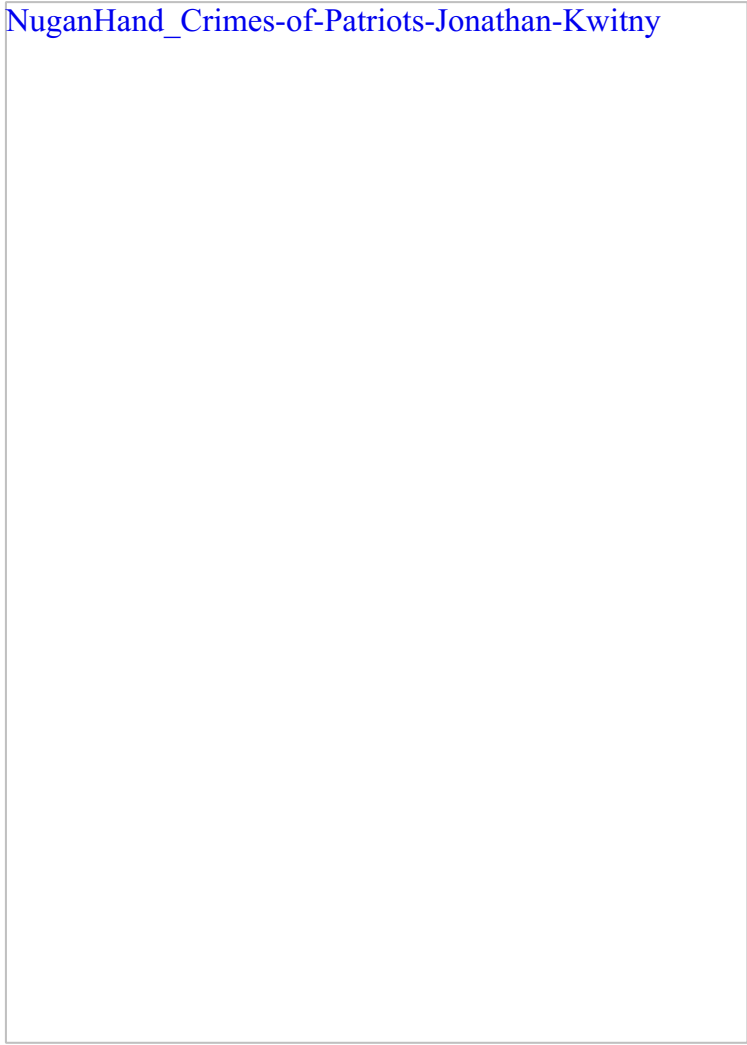
More CIA Treachery: Nugan Hand Bank Ltd

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by [Elias Alias](#) , [November 6, 2015](#)

More CIA Treachery: Nugan Hand Bank

[NuganHand_Crimes-of-Patriots-Jonathan-Kwitny](#)



Editor's Note: I posted the below article at the American Patriot Friends Network way back in 2003 Part 1 [Here](#); Part 2 [Here](#)), and have re-posted it elsewhere over the years. This latest version of the selected excerpts from Alfred McCoy's masterpiece on the CIA's dope dealing escapades is more complete than previous postings. Professor McCoy's book is "**The Politics of Heroin: *CIA Complicity In The Drug Trade***". (See below)

But first a word about the book pictured above: Jonathan Kwitny was sent by the Wall Street Journal to Australia to cover a breaking story about one of the CIA's drug-smuggling, money-laundering, and arms dealing proprietaries, a bank named Nugan Hand, Ltd. Mr. Kwitny gave us the "story behind the story" regarding the Iran-Contra scandal which disgraced the Ronald Reagan White House. His coverage of the Australian government's investigation of the Nugan Hand Bank, Ltd, led to the free wheeling dope-dealing escapades of the CIA's drug dealing, arms trafficking, and money laundering at a larger CIA proprietary bank named BCCI, which the [U.S. Senate investigated](#).

I have typed in passages from pages 461-472 in Alfred W. McCoy's bombshell book, "[*The Politics of Heroin: CIA Complicity In The Drug Trade*](#)", (published by Lawrence Hill Books, Chicago, by arrangement with Harper and Row, Publishers, Inc., New York; ISBN: 1-55652-125-1; this is the second edition, copyrighted by Alfred W. McCoy 1991; first edition copyrighted by Alfred W. McCoy and Cathleen B. Read, 1972.)

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[Nugan Hand_Politics of Heroin](#)

Nugan Hand Bank

At 4:00 a.m. on January 27, 1980, a state police officer patrolling a country road west of Sydney, Australia, noticed a late-model Mercedes sedan parked by the side of the road and stopped to examine it. Inside the constable found the body of a middle-aged male slumped forward, still holding the rifle he had apparently used to shoot himself in the head. Searching his wallet, the police found personal identification for one Frank Nugan, a merchant banker of Sydney, and a calling card from one William Colby, a New York lawyer who had recently retired as director of the U.S. Central Intelligence Agency.

The circumstances of Nugan's suicide and the bank's spectacular collapse only six months later have inspired hundreds of press probes, three major Australian government investigations, and a lengthy book by one of America's best investigative reporters. All have asked the same basic question: What was the relationship between the Nugan Hand Bank and the CIA? Although we have more details about the bank than about any other company with similarly ambiguous CIA connections, the question still defies a concise answer. The Nugan Hand Bank remains a great espionage mystery.

Although the large question about the bank and the agency will probably never be answered, Nugan Hand's twisted history does offer insights into the world of CIA espionage—in particular, that gray area of alumni, allies, assets, and affiliated companies that do so much of the agency's covert work. In his memoirs and public statements, William Colby has portrayed his CIA colleagues as "honorable men", patriots who simply would not, could not tolerate any involvement in drugs by either agency personnel or

covert assets. Whatever it may or may not have been, the Nugan Hand Bank was certainly two things: (1) an employer of many retired CIA agents and (2) heavily involved in narcotics trafficking. Unlike most of the agency's faceless espionage, the carefully documented Nugan Hand case affords a close look at the moral universe of covert operations, particularly the gray sector of CIA proprietaries and affiliates. The Nugan Hand case shows how the CIA's secret war in Laos, interwoven with the tribal opium trade, produced a covert action cadre with a tolerance for drug dealing.

The Nugan Hand Bank served several constituencies simultaneously, and its various relationships reveal a good deal about the operations of this clientele. Based in Sydney, the bank was a partnership between Australian lawyer Frank Nugan and an ex-Green Beret businessman named Michael Hand. Both worked closely with one of their senior managers, a mysterious American expatriate with impeccable intelligence contacts, Maurice Benard Houghton. Through the three men and their separate, sometimes overlapping networks, the bank cultivated corrupt Australian politicians, Sydney crime syndicate, a fraternity of ex-CIA arms dealers, and the U.S. Central Intelligence Agency.

In less than a decade after its incorporation in Sydney in 1973, Nugan Hand Limited went through a complete cycle from modest origins to spectacular global expansion to precipitous collapse. During its eight-year life, the bank's character was shaped by its three principals. Son of a Spanish migrant fruit packer, Francis Nugan grew up in Griffith, New South Wales, in the country west of Sydney, graduated in law from Sydney University, and did some spotty postgraduate legal studies in California and Canada. Nugan would later claim that he played a major role in rewriting Canada's tax law while studying abroad, but records show that he was employed as a minor clerical assistant. His name does appear among the twenty-seven listed in the tax review's final report. While his brother Ken built the family produce business, the Nugan Group Limited, into one of Australia's largest, Frank practiced law in Sydney without much success in the late 1960s. Stripped of his inflated credentials, Frank Nugan was known to be an abrasive alcoholic, an incompetent manager, a mediocre lawyer, and a "pathological liar".

The other founding partner, Michael Jon Hand, was born in New York in 1941, son of a senior state civil servant, and raised in the Bronx. In 1963 he finished a year's vocational course in forestry at Syracuse University, graduating thirty-eighth among forty-nine students, and joined the U.S. Army's Special Forces, the Green Berets. After training at Fort Bragg, he was sent to Vietnam where he won the army's second highest decoration, the Distinguished Service Cross, for gallantry in fighting northwest of Saigon. Sometime in 1965-1966 Hand joined the CIA for two years as a contract operative fighting with Hmong guerrillas in the mountains of northern Laos. While serving with the CIA, Hand met Theodore Shackley, the agency's Vientiane station chief in 1966-1968, and befriended a crack Air America pilot, Kermit "Buddy" King, who often flew him to remote tribal outposts. The various official reports do not mention whether Hand also met Shackley's friend and deputy CIA station chief Thomas Clines, later a close associate of both Hand and his partner Bernie Houghton. Although Hand's Hmong allies grew opium and shipped it to market on Air America, it is not known whether it was here that Hand acquired the expertise in narcotics that he later applied to building the bank.

Sometime in 1967 Hand finished his CIA contract and moved to Sydney, where he met American expatriate Bernie Houghton, who was then running the Bourbon and Beefsteak restaurant in the city's Kings Cross vice district. Through Houghton and other contacts, Hand soon became involved in selling Australian real estate to Americans serving in Southeast Asia. In early 1968 the pilot Buddy King joined Hand in Australia and eventually settled with his Thai housekeeper several hours up the coast from Sydney, where their land sales were located, often flying Hand up to the property in a private aircraft for weekends. As an indication of their CIA contacts, in September 1969 Hand formed Australasian and Pacific Holdings Ltd., a real estate company whose seventy-one shareholders included nineteen people then employed by the CIA's contract airlines in Indochina, Air America and Continental Air Services. Sometime in the late 1960s Hand met Frank Nugan and the two are believed to have shared an apartment before they both married. Crude in manner, violent in speech, and poorly educated, Hand had no banking experience and would bring little more than his cunning and covert contacts to the building of Nugan Hand Bank.

The key figure in much of the bank's history, Maurice Bernard Houghton, is a mysterious Texan who arrived in Sydney from Southeast Asia in 1967 with an impressive list of references from senior U.S.

military officers. Born in Texas in 1920, Houghton finished a semester at Southern Methodist University; served in the military during World War II; and knocked about the country for twenty years in various jobs with no particular direction. In 1964 Houghton moved to Southeast Asia, where he remained for the next three years during the escalation of the Viet Nam war, engaged in activities that remain unclear. Australia's Joint Task Force into the bank's affairs reported that Houghton was "part of the intelligence community" in Southeast Asia before coming to Australia. Wall Street Journal reporter Jonathan Kwitny interviewed former U.S. intelligence officers who claimed, on the record, that Houghton was a wheeler-dealer in Southeast Asia who traded in slot machines, opium—anything.

Soon after arriving in Sydney, Houghton formed a business association with a prominent Hungarian emigre, Sir Paul Strasser, owner of one of Sydney's leading property companies. With support from Strasser and his associates, Houghton opened the Bourbon and Beefsteak restaurant in October, 1967, just weeks before the first American soldiers began arriving on R&R leave from Vietnam. Among Houghton's private guests at the club were the CIA's Australian station chief from 1973 to 1975, John D. Walker; the state's Premier Sir Robert Askin, a corrupt politician notorious for his contacts with criminal syndicates; and Abraham Saffron, Sydney's leading gangster and vice lord of Kings Cross. Unlike his future partners, Houghton maintained excellent contacts with the most senior U.S. military and intelligence personnel in the Asia-Pacific region. His intelligence contacts were such that when he turned to Australia from a business trip without a visa in 1972, he rang the state director for the clandestine Australian Security Intelligence Organization (ASIO). The director, Leon Carter, vouched for Houghton and the American received an immediate visa. In dealing with his male friends, Houghton seems to have been a man of strong loyalties and antipathies. "I had a personality problem with Nugan", Houghton later told the Australian Joint Task Force. "He was harsh, abrasive, arrogant and inconsiderate." By contrast, Houghton remained very close to Michael Hand, who seemed to regard the older man as a "father figure". Hand would eventually tire of Frank Nugan's alcoholism and costly flamboyance, but he remained close to Bernie Houghton until the end.

In 1973, Nugan Hand Limited was born, as it would die, through a gross financial fraud. With only \$80 in the company's bank account and just \$5 in paid-up capital, Frank Nugan wrote his own company a personal check for \$980,000 to purchase 490,000 shares of its stock. He then covered his massive overdraft by writing himself a company check for the same amount. Through this elementary accounting fraud, Nugan could claim that the company's paid-up capital was a million dollars. The bank's start also coincided with the first of many allegations of drug dealing against Michael Hand. Injured in an accident, Buddy King's Thai house-keeper met a Sydney lawyer to sue for compensation. The lawyer was, for reasons never explained, phoned the Australian Bureau of Narcotics to report that King, Air America's former ace pilot, was flying heroin into Australia for Michael Hand. Soon after his housekeeper's lawyer made these allegations, King fell to his death from the tenth floor of a Sydney apartment building.

Over the next four years, the bank grew at a remarkable rate by providing a bridge between larger, legitimate banks and a shadow universe of organized crime, illegal money laundering, and intelligence operations. Even at its peak in 1979 with dozens of employees and a global network of offices, the bank never really made a proper profit. Most employees were not clerks or investment counselors, but salespeople who scrambled desperately to keep new deposits coming in the front door faster than the bank's officers could take them out the back—through lavish expenses, high salaries, and simply fraud. Nugan Hand was a carnival shell game, courting depositors for cash and moving money from branch to branch to conceal one fundamental fact—the bank simply had no assets behind it.

Like many corporate confidence men, Frank Nugan and Michael Hand were obsessed with creating the illusion of propriety and prosperity. Without any capital or customers, Frank Nugan's first act in opening the company was to lease expensive, well-appointed offices at 55 Macquarie Street, a prestigious address in the heart of the Sydney business district. Nugan hired a reputable money market manager who found that he could get an hour or two of credit every day from personal contacts in the business, just long enough to buy and sell. Although the trading incurred a real loss of \$18, 373, the total volume of transactions reached \$2.4 million dollars, giving the new company the aura of doing big business. As the bank grew, so did the scale of its illusions. The bank issued glossy annual reports claiming, in 1976 for example, \$22 million in "total assets", \$26 million in "gross proceeds from sales of securities", and approval of its bookkeeping by reputable auditors. A lavish promotional brochure described the bank as

part of the Nugan Hand Group, “with assets exceeding US \$20,000,000 and a turnover exceeding US \$1,000,000,000 per annum.” Assuring potential clients “absolute security, anonymity and confidentiality”, the brochure promised customers “the utmost in personal service and attentive specialist assistance.” With what now seems wry irony, the bank offered, as a special service for valued customers, child welfare accounts that would “give faithful and attentive care and supervision to all aspects of education, health, welfare and advancement in life off the children of the beneficiary.” All of these claims, financial and moral, were knowing lies.

While Frank Nugan concentrated on courting business clients in Sydney, other associates, Hand included, took the bank abroad. The group’s first breakthrough to something approaching profit came in 1974-1975 when it opened a legal Hong Kong branch. By offering Sydney depositors a money-laundering facility for illegal transfers of Australian money to Hong Kong and reciprocally allowing Hong Kong clients a higher rate of interest for funds deposited in Sydney, the bank began to move large funds for the first time.

As these global activities grew over the next six years, Nugan Hand Limited gradually divided, formally and informally, into two almost separate companies: the Sydney-based Nugan Hand Limited under Frank Nugan’s control and the international branches of Nugan Hand Bank, later registered as a Cayman Islands corporation, managed largely by Michael Hand. As Hand grew tired of Frank Nugan’s incessant drinking and mounting legal problems, the ex-Green Beret pulled away from his Australian partner and drew Bernie Houghton into the international side of the business. While Frank Nugan’s Sydney office concentrated on tax fraud and money laundering, the Hand-Houghton partnership led the bank’s international division into new fields—drug finance, arms trading, and support work for CIA covert operations.

During the bank’s early days in Sydney, Michael Hand had told his junior colleagues that “it was his ambition that Nugan Hand become banker for the CIA. In southern Africa during the mid-1970s, Hand, the former CIA operative, seems to have realized his ambition. At that time southern Africa was in the throes of decolonization, with guerrilla groups fighting the Portuguese in Angola and British colonials in Rhodesia. When the Portuguese regime began to crumble in Angola, rival guerrilla groups turned to their great power patrons for more arms, making Angola a cockpit of cold war confrontation. As CIA covert arms shipments began flowing into Angola in 1974-1975, first to Holden Roberto and then to UNITA, Michael Hand left Sydney in January 1975 for southern Africa, where he remained for more than a year, trading in arms and munitions. During his fifteen months in Africa, Hand telexed and telephoned the bank’s Sydney headquarters repeatedly, speaking with Frank Nugan and employee, Wilhemus Hans, about shipments of pistols, helicopters, and munitions. After Nugan’s death, investigators found what appeared to be phone notes in his handwriting from this period, one of which read:

Military weapons Rhodesia

Pay in Gold

Recoilless Rifles

Mortars 60/80 ml

M79 Grenade launchers

Quad .50 Caliber machine guns

Although it has never been clearly established what, if any, arms were actually shipped from Australia, there is no doubt about the sincerity of Michael Hand’s intentions. In Pretoria, South Africa, Hand incorporated a trading company, Murdoch Lewis Proprietary Ltd., to take delivery of the arms shipments. At one point Hand summoned his Sydney employee Wilhemus Hans to Africa and met him in Rhodesia for discussions about formation of a helicopter squadron for the white settlers. Hand also made frequent phone calls to another bank employee, Frank Ward, later charged with arms dealing by Australian authorities in court proceedings that remained classified. While Hand waited in southern Africa to take delivery of arms, his close friend Bernie Houghton flew to Washington DC, with two Nugan Hand

employees to arrange shipments. Significantly, Houghton made direct contact with CIA agent Edwin Wilson, then working for Task Force 157, a covert action arm of the Office of Naval Intelligence (ONI). With vast profits from his contract covert operations work, Wilson had purchased Mt. Airy Farms, a thousand-acre estate in northern Virginia where he often entertained his close comrades Thomas Clines and Theodore Shackley, Hand's former CIA superiors back in Laos who were now rising fast in the agency's Langley headquarters. After fifteen years as a career CIA officer, Wilson had transferred to Task Force 151 in 1973 and was operating from the offices of a cover company, World Marine Inc., at 1425 K Street in Washington. It was there that Wilson would meet Houghton and the two Nugan Hand men to arrange the African arms deal.

Australia's Joint Task force investigating the bank later learned details of the meetings from Dennis Schlachter, a World Marine employee whose evidence as a protected federal witness would lead to Wilson's 1982 conviction for illegal arms sales to Libya. Sometime in 1975 or early 1976 Schlachter first learned of the African arms deal when two CIA agents based in Indonesia, James Hawes and Robert Moore, called on Wilson at World Marine in Washington to discuss "an African arms deal" that, in these agents' words, "had to be put together". Sometime later, Houghton arrived from Sydney and came into World Marine's offices with the two Nugan Hand men to order the arms. Schlachter recalls chauffeuring Wilson and Hawes out to the agency's headquarters in Langley while the two discussed using Nugan Hand Bank to finance the shipments. Under the "cover of Task Force 157," ammunition, 3,000 weapons including machine guns, M-1s, carbines and others". With an end-user's certificate showing World Marine as the purchaser and an Australian company as the buyer, the arms left the United States from Boston for southern Africa in three separate shipments.

The Australian Joint Task Force found that Ed Wilson and Bernie Houghton were also involved in the ONI operation to transfer a highly classified spy ship to the Shah of Iran. Soon after joining Task Force 157 in 1973, Wilson had earned a \$500,000 fee by delivering an earlier spy ship to Iran under the cover of World Marine. According to the witness Schlachter, in 1975 the U.S. Navy assigned Wilson to deliver another high-technology spy ship to Iran. Schlachter recalls that Houghton "was involved" in this deal, working with "funds...and...payouts". Significantly, Australian immigration records show that Houghton flew to Iran in March 1975 in the company of a U.S. Army Colonel. Working through Task Force 157, Wilson purchased the ship and ordered it to sail from England around Africa to Iran. When some "mix-up" developed, Schlachter recalls that "Wilson flew to Iran to correct it." Australian immigration records show that in January 1976 Wilson flew into Sydney and stayed in Australia for three days before flying on to Iran."

After fourteen months in Africa, Michael Hand returned to the bank's Sydney headquarters in March 1976 and dedicated his trade skills to a new constituency—Australia's leading international heroin smugglers. After nearly fifty years without a serious narcotics problem, Australia showed signs of spreading addiction in the late 1970s as Sydney's criminal syndicates began organizing regular heroin shipments from Southeast Asia. In a March, 1977 report, for example, Sydney's Crime Intelligence Unit monitored a series of meetings between the city's leading illegal bookmaker, George Freeman, and California crime figure Danny Stein: "Information was received that Stein was here for the purpose of organizing a network for the reception of heroin into this country from the Golden Triangle and for subsequent distribution on the local market and in the United States."

Would-be Sydney heroin smugglers faced Australia's stringent currency control laws that made it difficult to export the hard cash for heroin buys in Bangkok. After two years of active money laundering through Hong Kong, Nugan Hand was becoming known in the underworld as a reliable money mover. Sometime in early 1976 George "the Duke" Countis, an American crime figure who "owned" a gaming table in an illegal Sydney casino, brought Murray Riley to the headquarters of Nugan Hand Limited. A former Sydney constable, Riley had quit the police to become a "patron" in the criminal underworld and a close associate of leading criminals like George Freeman. Just back from Africa, Hand quickly developed what the Australian police Joint Task Force called "a close business and social relationship with Riley".

Starting in April 1976, only four weeks after his arrival from Africa, Hand made five cash transfers to Hong Kong for Murray Riley totaling \$295,000. After each transfer, one of Riley's underlings would call at Nugan Hand's Hong Kong office to pick up the money, later using the cash to take delivery of a heroin

shipment. Through this procedure, Nugan Hand handled \$4.3 million in identifiable drug money for twenty-six known dealers between 1976 and 1980. Studying Hand's memorandum to his Hong Kong office about a \$60,000 cash transfer for Riley's October shipment, the Task Force concluded "that Hand was aware that Riley was involved in significant illegal activity". As an indication of their closeness, in late 1986, acting on Riley's advice, Hand opened bank branches in Thailand, in the words of his Chiangmai branch manager, "to attract drug money". Two years later, when a yacht was seized south of Sydney with 4.3 tons of high-grade cannabis and Riley was charged, Michael Hand ordered the bank's Hong Kong office to destroy all incriminating records of Riley's money transfers. Reviewing this period in the bank's history, Australia's Joint Task Force concluded: "Throughout 1976 Hand was knowingly involved in drug activity with the 'Riley' group in that he permitted and even encouraged the use of Nugan Hand facilities for the movement of 'drug' money.

In October 1976 Hand decided to leave the Sydney office to Frank Nugan and move to Hong Kong, where he could build the bank's international division. Over the next two years, Hand worked with some success to develop a global network of twelve branches that covered Asia, Africa, and the Americas. After months of failure, Hand's break had come in June 1976 when the Cayman Islands, a British colonial tax haven in the Caribbean, decided to charter the Nugan Hand Bank, finally giving the company the legal right to advertise itself as a "merchant bank".

As the bank expanded dramatically in 1977-1978, Michael Hand recruited some of the most famous names in U.S. national security circles to join the bank as employees or associates. The key figure in making these contacts for Hand was Bernie Houghton, who had taken a more active role in the bank in 1976 after his bar business went bankrupt with debts of nearly a million dollars. In early 1977 Houghton recruited an old friend, Admiral Earl Yates, retired chief strategist for the U.S. Pacific Command, to serve as president of the Nugan Hand Bank. Through the admiral's influence, a succession of such senior appointments followed:

General Leroy J. Manor, former Pentagon counterinsurgency specialist and chief of staff of the U.S. Pacific Command, manager of the bank's Manila branch;

General Edwin F. Black, former OSS officer and commander of U.S. forces in Thailand, president of Nugan Hand, Inc., of Hawaii;

Dr. Guy Pauker, Asia expert for the Rand Corporation, a research firm under contract to the U.S. Defense Department, bank consultant.

Dale Holmgren, former chairman of the CIA's Civil Air Transport, [a CIA proprietary airline similar to Air America], manager of the bank's Taiwan branch;

William Colby, retired CIA director, Nugan Hand's legal counsel.

The pattern of events surrounding this expansion indicates that Michael Hand may have realized his dream of becoming the "CIA's banker". Both Sydney police and Wall Street Journal reporter Jonathan Kwitny came away from their long investigations of Nugan Hand convinced that there may well have been some connection between the bank's sudden rise and the antecedent demise of a CIA proprietary, the Castle Bank and Trust of Nassau. After retiring from the CIA, Paul Helliwell, founder of such agency "proprietary" as SEA Supply Inc. of Bangkok and Air America, opened a law office in Miami and formed Castle Bank offshore in nearby Nassau to cover the agency's covert money movements. In 1973 agents of the Internal Revenue Service were able to photograph the Castle Bank's customer list while a bank executive dined in a posh Key Biscayne restaurant with a woman described as an IRS "informant". Reviewing the purloined documents, IRS investigators found that the 308 Castle Bank customers on the list had moved \$250 million to foreign numbered accounts. Depositors included Playboy publisher Hugh Hefner, Penthouse magazine publisher Robert Guccione, and some major organized crime figures—Morris Dalitz, Morris Kleinman, and Samuel A. Tucker. Eleated by the find, investigators formed Project Haven to make "the single biggest tax-evasion strike in IRS history." Suddenly, the IRS announced that it was dropping the investigation because of "legal problems". According to a later investigation by the Wall Street Journal, "pressure from the Central Intelligence Agency ... caused the Justice Department to drop

what could have been the biggest tax evasion case of all time.” The CIA invoked “national security” since it was using the Castle Bank “for the funding of clandestine operations against Cuba and other intelligence operations directed at countries in Latin America and the Far East.” By the time Helliwell died from emphysema on Christmas Eve, 1976, Castle Bank had been liquidated.

Simultaneous with the closure of Castle Bank’s Nassau office, Nugan Hand Bank launched its formal “banking” operations in the nearby Cayman Islands. The opening of Caribbean branches, a new area for Nugan Hand, and recruitment of retired CIA officers gave it a corporate structure similar to the collapsed Castle Bank. Indeed, a former CIA agent named Kevin Mulcahy, a key witness in the Edwin Wilson case, gave details to the National Times of Sydney “about the Agency’s use of Nugan Hand for shifting money for various covert operations around the globe”.

Working through Houghton, moreover, the Nugan Hand Bank deepened its contacts with the network of ex-CIA officials surrounding Edwin Wilson. After helping Hand informally with the bank’s operations for the previous five years, Houghton finally joined Nugan Hand’s staff in late 1978 and opened a branch in Saudi Arabia to collect deposits from American contract employees. Under Houghton’s management, the Saudi branch ran the bank’s biggest — and simplest — fraud. With introductions from Beck Arabia of Dallas, a leading engineering firm with major Middle East contracts, Houghton flew into Saudi Arabia in January 1979 and rented a villa at Al-Khobar to serve as both office and residence for the bank. Over the next twelve months, Houghton and his aides circulated through the U.S. construction camps along the Persian Gulf, issuing bank receipts for cash deposits from American contract workers. Paid in cash and unable to make deposits in Saudi Arabia’s backward banking system, American expatriate workers needed the deposit-taking service that Nugan Hand pretended to provide. Houghton then bought bundles of Thomas Cook traveler’s checks and sent them off in commercial courier parcels to Michael Hand’s new office in Singapore. Through this simple system, Houghton and Hand collected at least \$5 million from their fellow Americans—all of which simply disappeared when the bank collapsed a year later.

Houghton’s presence in Arabia brought Nugan Hand Bank into closer contact with Wilson’s network of former CIA officials, now moving its base of operations to nearby Libya. When Houghton opened his Saudi office in 1979, Wilson’s network seemed a step away from unprecedented power, and Houghton apparently decided to join their rise. Within months, however, both Wilson’s group and Nugan Hand were plunging precipitously toward a collapse.

After decades inside the CIA, Wilson and his closest associates were finally forced out in the late 1970s, losing the mantle of CIA protection that had long masked their operations. In February 1976, Admiral Bobby Ray Inman, the new head of the Office of Naval Intelligence, ran into Ed Wilson by chance and learned to his surprise that this wheeler-dealer was one of his own operatives in Task Force 157. When Wilson’s contract came up for renewal a few months later, ONI canceled it on Inman’s orders, pushing the ex-CIA man into the private sector. There he prospered. Between June and September 1976 Wilson supplied Libya with thousands of CIA-designed bomb timers and more than 21 tons of Composition C-4, the most powerful nonnuclear explosive in America’s arsenal—thereby providing Colonel Muammar al-Qaddafi with a potent weapon for his terrorist campaign in Europe and the Middle East. Over the next four years, Wilson recruited U.S. Green Berets to train Libyan commandos, delivered weapons for Qaddafi’s terrorists, and even arranged assassinations for the Libyan dictator. One of Wilson’s employees, former CIA officer Kevin Mulcahy, became concerned by these shipments and reported them to the CIA. But Wilson’s old friend Theodore Shackley, now deputy director for Clandestine Services [at CIA], blocked any internal investigation. In April 1977 The Washington Post published an article on Wilson’s activities stating that he “may have had contact with one or more current CIA employees”, and the agency’s new director, Admiral Stansfield Turner, started asking questions. He soon learned about Wilson’s close friendship with his former CIA colleagues Clines and Shackley, then high in the Langley hierarchy. Over the opposition of senior CIA bureaucrats, Turner transferred the two to secondary jobs. A year later Thomas Clines resigned from the CIA after thirty years’ service, borrowed \$500,000 from Wilson to set up his own company, and soon won a \$71 million contract for arms delivery to Egypt. No longer heir-apparent to the post of CIA director, Theodore Shackley resigned in September 1979 and followed Clines into the consulting business.

(end excerpts from Alfred McCoy's book, "The Politics of Heroin")

Notes:

I do have the book by Jonathan Kwitny of the Wall Street Journal, pictured atop this page, but I do not have Sleight Of Hand by Owen. Therefore I cannot say much about it, other than it is on my "wish list" at Amazon dot com. Anyone who has read this book is invited to post their take in the comments section below this article. Thank you.

[NuganHand_SlightOFHand](#)

<http://www.amazon.com/Sleight-hand-million-Nugan-scandal/dp/0863990231>

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Alfred McCoy's book, The Politics of Heroin, is at Amazon dot com —

http://www.amazon.com/Politics-Heroin-Complicity-Global-Trade/dp/1556521251/ref=sr_1_2?s=books&ie=UTF8&qid=1446552531&sr=1-2&keywords=Alfred+mccoy+Politics+of+Heroin

However, one should know that not all editions of the book have the chapter on Nugan Hand. My copy of the book is the 2nd edition, and contains the material I typed in above for this article.

Categories: [Academy-Hidden-History](#), [Academy-MindWar](#), [Academy-Readers-Regiment](#), [All](#)

About Author



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