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Nugan Hand Bank

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Nugan Hand Bank was an [Australian merchant bank](#) that collapsed in 1980 in sensational circumstances amidst rumours of involvement by the [Central Intelligence Agency](#) and [organized crime](#). The bank was co-founded in 1973 by Australian lawyer [Francis John Nugan](#) and US ex-Green Beret [Michael Jon Hand](#), and had connections to a range of US military and intelligence figures, including [William Colby](#), who was CIA director from 1973 to 1976. Nugan's apparent suicide in January 1980 precipitated the collapse of the bank, which regulators later judged never to have been solvent. Hand disappeared in mid-1980.

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Founding [\[edit\]](#)



Nugan Hand Ltd. was founded in [Sydney](#) in 1973 by Australian lawyer [Francis John "Frank" Nugan](#) (who was reputedly associated with the Mafia in [Griffith, New South Wales](#)) and former [U.S. Green Beret Michael Jon "Mike" Hand](#) who had experience in the [Vietnam War](#) (after which he began training [Hmong](#) guerillas in Northern [Laos](#) under CIA aegis, an experience alleged to account for his ties to the "[Golden Triangle](#)" [heroin](#) trade). It has been alleged that the two generally split the business: Nugan took care of tax fraud and money-laundering, while Hand managed the drug money and the international branches.

The Bank was formed with a fraudulent claim of \$1m in share capital: "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."^[1]

The Nugan Hand Bank attracted investors with promises of up to 16% interest rates on their deposits and assurances of anonymity, tax-free accounts, specialist investment assistance, along with more surreptitious services such as [money laundering](#) (charging a mere 22% fee).^[*citation needed*] Nugan Hand rapidly gained business and expanded its offices from a single Sydney office to a global network that included branches (registered in the [Cayman Islands](#)) in [Chiang Mai](#), [Manila](#), [Hawaii](#), [Cape Town](#), [Hong Kong](#), [Taiwan](#), [Cayman Islands](#) and [Washington D.C.](#).

According to a former employee speaking in 1980, the bank paid commission of up to 2.5% on unsecured investments of \$1m or more, when the going rate was around 0.25%. Together with related costs, the bank was paying over 12% to access funds.^[2] Yet the bank never became involved in traditional merchant banking activities like equity investment or mortgage financing; instead, its principals sought all manner of unconventional investment opportunities, including gun running and attempts to corner various commodities markets, such as Malaysian rubber and

Indonesian oil.^[2] Via its Cayman Islands subsidiary it also provided tax avoidance and evasion schemes.^[2]

The Nugan Hand Bank gained respectability by the recruitment of a number of retired senior U.S. military and intelligence personnel, such as former [Rear Admiral Earl P. "Buddy" Yates](#) as bank president and ex-[CIA head William Colby](#) as legal counsel.

Australian trucking magnate [Peter Abeles](#) was also connected with the bank.^[3]

The bank's Saudi Arabian representative was [Bernie Houghton](#).^[4]

Scandal and collapse [\[edit\]](#)

Concerns over the bank's questionable accounting processes began to circulate by the late 1970s as investors attending [annual general meetings](#) were prevented from asking questions by the bank. These concerns turned into panic for bank investors in the early hours of 27 January 1980 when Nugan (who was facing charges of stock fraud) was found shot dead by a .30-calibre rifle in his [Mercedes-Benz](#) outside [Lithgow, New South Wales](#). It is said that a hand-written list was found on his body which detailed substantial loans Nugan Hand had extended to various notables, such as [William Colby](#) and [Bob Wilson](#). The following police investigation returned a verdict of suicide. Suspicions of the bank's activities grew in subsequent days as details emerged of the contents of Nugan's car (including the business card of William Colby) and news that Nugan's house and office had been ransacked by Hand and Yates and important company files destroyed or stolen.

The official inquest into Nugan's death in June 1980 made front-page news amid testimony from Hand that Nugan Hand was insolvent, owing at least A\$50 million (and as much as hundreds of millions), including \$20,000 rent on their Sydney headquarters.

Hand shredded many of Nugan Hand's remaining records from both the office and the home of

Nugan. He then fled Australia under a false identity, that of a Sydney butcher named Alan Glenn Winter, on a flight to [Fiji](#) in late June 1981. Hand wore a false beard and mustache to look like Winter and obtained a passport after getting Winter's birth certificate and having two photos taken. After a week in Fiji he made his way to Vancouver, British Columbia, and then on to New York City.^[5]

Hand has not been seen since. It is possible that, as a CIA operative, after he re-entered the United States he was given a new identity.

Investigations [\[edit\]](#)

In April 1983 a Perth businessman, Murray Quartermaine, testified to the Stewart Royal Commission on drugs that Hand was living in [Pretoria, South Africa](#) under the name of "Hahn". Quartermaine's former business partner Christo Moll had been linked to the bank, and Quartermaine had won a A\$400,000 judgment against Moll. Quartermaine also told *The Age* that he had evidence that questioned that Nugan's death was a suicide.^[6]

A subsequent [royal commission](#) inquiring into the activities of the Nugan Hand Group revealed money-laundering, arms shipments, drug dealing, theft (including US\$5 million from US military personnel in [Saudi Arabia](#)) and large-scale tax avoidance by Nugan Hand throughout its brief but eventful existence. One witness, a former Nugan Hand director, stated that Hand threatened bank executives: "If we didn't do what we were told, and things weren't handled properly, our wives would be cut into pieces and put in boxes and sent back to us".^{[7][8]}

An Australian investigation, the 'Joint Task Force on Drug Trafficking', compiled a report on the Nugan Hand bank in 1983. It determined that, above and beyond the revelations of the Royal Commission, Nugan Hand had acted as a [CIA front](#) to finance a war in [Laos](#) by laundering drug money. The Nugan Hand [Chiang Mai](#) branch participated in the covert sale of an electronic spy

ship to [Iran](#) and weapons shipments to [Angola](#).^[9]

The investigation linked former Philippine president [Ferdinand Marcos](#) to the bank. Melbourne and Manila businessman Ludwig Petre Rocka had an account at the bank, as did his wife Elizabeth E. Marcos, sister of Ferdinand. Rocka had helped set up the Manila branch of Nugan Hand and had his Manila office (International Development & Planning Corporation) in the same office as the bank. Author [Jonathan Kwitny](#) states that the evidence implies that Ferdinand Marcos was removing money from the Philippines, some of which was in gold, through Nugan Hand, and that a portion of this money, a "commission", was then used to fund CIA activity, like that in Laos.^{[10][11][12]}

Authors [Alfred W. McCoy](#) and Sterling and Peggy Seagrave claim that Nugan Hand was totally CIA controlled (via Paul Helliwell), seeing it as part of a series of CIA-controlled banks, preceded by [Castle Bank & Trust](#) and succeeded by the [Bank of Credit and Commerce International](#) (BCCI). They further assert that the bank was just small stepping stone for the CIA in laundering capital that started during World War II and continues on.^{[13][14]}

It has long been a subject of speculation that Nugan Hand had some sort of part to play in [Australian prime minister Gough Whitlam's dismissal](#).^[15]

No one connected with Nugan Hand has ever been convicted of a crime. Admiral Yates and his fellow senior officers who were involved with Nugan Hand have not responded to Australian requests to testify about the bank.

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14. ^ Seagrave, Sterling; and Peggy Seagrave (2003), *Gold Warriors: America's Secret Recovery of Yamashita's Gold*, Verso, pp. 98, 148, [ISBN 978-1-85984-542-4](#)
15. ^ e.g., Blum, W 'Australia 1973-1975: Another free election bites the dust' in *Killing Hope: US military and CIA interventions since World War II*. Common Courage Press, Maine 1995, p. 249. Inter alia, it is alleged that the bank transferred \$2.4 million to the Liberal Party of Australia which contested two forced elections in 1974 and 1975 to oust Whitlam's Labor government.

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External links [\[edit\]](#)

- [Alfred McCoy](#)[🔗] interview

Other accounts of Nugan Hand activities and personnel (largely lacking authoritative citations) are available at

- [Anonymous message](#)[🔗] at [APFN website](#)[🔗]

- [Anonymous message](#) at [APFN website](#)
- [Nugan Hand Bank article](#) at UK website *Spartacus Educational*
- [Nugan Hand Bank](#) article on WikiMir
- [Heavy Allies](#) by Wayne Grogan (2008, Brandl and Schlesinger). A fictionalised account of the Nugan Hand events, set against a backdrop of hitmen, drug dealers and the Vietnam War.

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