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## Libyans ‘robbed our own bank’ to fund uprising

By [Sudarsan Raghavan](#) and James V. Grimaldi, Published: May 24

BENGHAZI, Libya — In the days after Libya’s rebels rose up against Moammar Gaddafi, they faced a vexing challenge: How do you pay for a revolution?

They figured that part of the answer could be found inside the secure vaults of the Benghazi branch of the Central Bank of Libya, where Gaddafi’s government held about \$505 million. And they decided the money should be theirs because they believed it belonged to the Libyan people.

So they broke in and took it.

“Let me put it this way: We robbed our own bank,” said Ali Tarhouni, the rebels’ U.S.-educated finance minister, who ordered the March heist.

By drilling a hole in a wall and hiring a locksmith to play with a safe’s combination, rebel leaders turned the Gaddafi government’s money into the lifeblood of their uprising. Now they are trying to do much the same thing on an international scale, asking foreign governments — including the United States — to use seized Libyan assets to fund a rebellion that in three months has evolved from political protest into a protracted military showdown.

On Tuesday, the United States emphasized its support for the rebels by asking them to open an office in Washington, a gesture just short of formal recognition. Late Tuesday, NATO warplanes pounded Gaddafi targets in Tripoli — part of an air campaign that has kept alive the rebels’ hopes of one day taking control of the capital. But as the rebels struggle to fund their fight, the United States and other Western powers have done little to help them financially.

The Obama administration and Congress have been deadlocked over giving rebel leaders any of the [\\$32 billion in Libyan assets frozen](#) in U.S. accounts. Even using the money to provide humanitarian aid to those affected by the conflict is [legally complex](#).

“This is a tough issue,” said Jeffrey D. Feltman, assistant secretary of state for Near Eastern and North African affairs, speaking to reporters in Benghazi. “These are assets that we’re holding in custodianship for the service of the Libyan people, and we’re looking at how we might address the humanitarian needs.”

The White House has asked the Senate Foreign Relations Committee to draft a bill to take [a portion of the frozen assets](#) — \$150 million to \$180 million — and put it to use in Libya as humanitarian aid. But the legislation faces stiff opposition from Sen. Richard G. Lugar (R-Ind.),

who has serious concerns about the “ramifications of taking the funds of what is still another sovereign nation,” said Lugar spokesman Mark Helmke.

Lugar and other lawmakers are concerned about U.S. involvement in a Libyan civil war and the administration’s lack of consultation with Congress. “If the Obama administration wants to spend more taxpayer money and possible American blood, it has to consult with Congress on the ways and means of this war,” Helmke said.

As the administration and Congress bicker, the rebels say they are running dangerously low on funds. They have asked for pledges of up to \$3 billion in loans and aid, and they have received substantial promises from Kuwait, Qatar and others. But international assistance has come up far short of what the rebels say they need.

Feltman said the United States has given \$53.5 million to address Libya’s humanitarian needs and \$25 million in “nonlethal military supply.” He assured rebel leaders of more assistance in the weeks ahead.

But for now, the rebels continue to make do largely with the money they swiped from Gaddafi’s bank.

Officials in the United States and other countries have sidestepped questions about the legality of the rebels’ decision to help themselves to state funds. One banking specialist said that’s probably because [the legitimacy of the Gaddafi government](#) has been openly questioned in the wake of the government’s deadly crackdown on Libya’s own citizens.

“It’s not the same as narco-traffickers stealing from the Federal Reserve. That would be criminal,” said John Byrne, a banking expert and executive vice president of the Association of Certified Anti-Money Laundering Specialists. “These are rebels operating against a regime that we oppose, fighting for their people.”

Tarhouni, 60, who until earlier this year was a low-key [economics lecturer at the University of Washington](#) at Seattle, said the bank heist serves as an illustration of the rebels’ ingenuity, wherewithal and organizational skills. It’s proof, he said, that they are ready to run the nation.

Bank managers helped with the break-in. But they could not get into one of the vaults because three separate keys were required — and they had only two, said Ahmed el-Sharif, a former consultant to the Central Bank of Libya, whom the rebels briefly appointed as the bank’s governor in April.

Sharif and three other bank managers brought in a locksmith, and on March 29, they drilled a hole in the wall so the locksmith could tinker with the safe’s combination.

“From inside, you can play with the combination, and he just neutralized the third key, which is in Tripoli, and we opened with two keys,” Sharif said.

Their success was bittersweet.

When Tarhouni saw the cash, he said, his first thought was, “I am in trouble. That’s not enough to run an economy in a war.”

The money — more than \$500 million spread between two safes — stayed in the bank, placed in a new rebel account, Sharif said. Efforts to supplement those funds with oil revenue have been unsuccessful, and the rebel authority lacks the infrastructure to raise taxes.

The cash has been used to pay government salaries and operational expenses, as well as for food subsidies. In recent weeks, more money has been spent because the rebels are supporting the western city of Misurata and other towns that are under siege, Tarhouni said.

For now, Tarhouni and the rebels are still relying on the remaining funds from the central bank — roughly 150 million Libyan dinars, or \$120 million, according to Sharif.

“I’ve been using this money in an almost magical way to run the economy,” Tarhouni said. “We needed to use this money to give it back to the people, to feed the people.”

But aware that the money won’t last much longer, Tarhouni is hunting for the really big sums that Gaddafi and his government placed in banks, investment firms, hedge funds and other institutions across the globe. Tarhouni estimates that the assets could be worth as much as \$165 billion.

Alternatively, Tarhouni has proposed using the frozen funds as collateral for a line of credit or a loan. Earlier this month, Tarhouni, senior opposition leader Mahmoud Jibril and a delegation visited Washington and appealed to U.S. Treasury officials, the White House and congressional leaders, [hoping to get at least \\$3 billion](#) to run the rebel-held portion of Libya for six months.

Tarhouni described that amount as “bare-bones.”

“Our situation is very critical,” he said. “We’re still in a war. So if you think we are a legitimate voice, if you think we are a legitimate cause, and the world agrees we are fighting a killer thug, and that this is a legitimate revolution, then help us out.

“We’re just asking to use our own resources.”

Staff writer Robert O’Harrow Jr. in Washington contributed to this report.