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BOB SCHIEFFER: In recent years there've been charges from time to time that the CIA has involved itself in illegal activities. Some of the most bizarre to date involve a bank in Australia known as Nugan Hand. And tonight Gary Shepard has a report.

GARY SHEPARD: When the Nugan Hand Bank of Sydney, Australia collapsed in 1980, it appeared at first glance to be just another bank failure. But after Australian authorities began taking a closer look, they discovered a tangled web of intrigue with all the elements of a best-selling spy novel: a mysterious death, the body later dug up from its grave; illegal currency transactions; big-time drug operations; and the Central Intelligence Agency.

NEIL EVANS: We were to become the paymasters for the CIA around the world. In other words, we were putting ourselves in the position to disperse funds for the CIA to whoever they would direct them.

SHEPARD: Former bank executive Neil Evans, given immunity from prosecution, agreed to talk about the Nugan Hand operation on Australian television. From his account and others, the bank had its genesis during the Vietnam war. Four of the original stockholders were Americans who listed their addresses as Air America, Army Post Office, San Francisco. Air America was the CIA airline in Indochina, hauling men and supplies on clandestine missions, and, according to former CIA agents, even drugs out of the so-called Golden Triangle, where the borders of Burma, Laos and Thailand converge.

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Nugan Hand sent Neil Evans to the Thai city of Chiangmai, the commercial center of the drug trade. He claims the CIA made millions and used the money to finance some of its secret projects.

EVANS: The idea was that money would be deposited with the Nugan Hand Bank by the CIA through various channels, and also that the Nugan Hand Bank would be the repository for funds coming in from various CIA enterprises, namely drugs in Thailand, marijuana in particular, and that the bank, the Nugan Hand Bank, would then be responsible for re-routing that money to an account in America, a New York bank.

SHEPARD: Nugan Hand was not your ordinary bank. There were secret numbered accounts, and hardly any of its top people were bankers. Many were American civilians and former high-ranking military officers with ties to U. S. intelligence. When they found the body of Australian businessman Frank Nugan, the bank's chairman, shot to death a few months before the bank went under, they discovered in his pocket the business card of this man, William Colby, former Director of the CIA.

Nugan's partner was Michael Hand, an American Green Beret, who served two tours in Vietnam, one of them for the Central Intelligence Agency. He disappeared a short while after the bank collapsed and is now believed to be dead.

Australian newspapers reported the connection between Nugan Hand and the U. S. Navy's super-secret intelligence unit, known as Task Force 157. Among its top agents, CIA man Edwin Wilson, now under indictment for selling arms and explosives to Libyan dictator Muammar Qaddafi. And a man named Patrie Loomis has also been implicated. He was the apparent CIA Nugan Hand go-between. It was Loomis who helped Wilson recruit a team of Green Berets to train terrorists in Libya.

The Nugan Hand affair has caused an uproar in Australia, where authorities are trying to find out what involvement the bank might have had in the 1975 downfall of the Labour Party government. Meanwhile, investigators on three continents are attempting to trace \$50 million missing from the accounts of depositors, including many Americans. Here in this country, the CIA denies any involvement with drug operations in Indochina, the Nugan Hand Bank itself, or the deaths of the two men who ran it.

Gary Shepard, CBS News, Los Angeles.