

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Phoenix, Arizona 85012

August 7, 1990

ALLEGATIONS CONCERNING UNITED STATES SENATORS
ALAN CRANSTON,
DONALD W. RIEGLE,
JOHN GLENN,
JOHN MC CAIN,
DENNIS DE CONCINI;
CHARLES H. KEATING, JR.,
DOING BUSINESS AS
LINCOLN SAVINGS AND LOAN ASSOCIATION
AND AMERICAN CONTINENTAL CORPORATION;
CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE;

This matter was initiated on a November 1989 request of the Public Integrity Section of the Department of Justice asking assistance of the FBI in an investigation into the allegations concerning captioned United States Senators. The allegations arose out of the activities of Charles H. Keating, Jr., a principal in the failed Lincoln Savings and Loan (LSL) Association of Irvine, California. Keating and his associates and business entities controlled by Keating made contributions to the Senatorial campaigns and/or other organizations affiliated with the senators. Subsequent to the donations, the senators sought to intervene with the Federal Home Loan Bank Board (FHLBB), now the Office of Thrift Supervision (OTS), on behalf of LSL which at that time was being examined by the Federal Home Loan Bank of San Francisco (FHLB-SF). Investigation thus far has

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revealed there was a concerted effort on the part of Keating, [redacted] and [redacted] to influence the FHLBB in its resolution of the LSL Association problems. Investigation being conducted in Los Angeles file 29D-LA-102009 has revealed Keating operated American Continental Corporation (ACC), the Thrift Holding Company, subsidiaries and LSL in a corrupt and fraudulent manner. Investigation has shown the information upon which the regulators made their decisions was based upon fraudulent and misleading documents, statements, and misrepresentations by Keating and his subordinates. Investigation will support violations of Title 18, United States Code, Sections 2314 (Interstate Transportation of Stolen Property), 1341 (Mail Fraud), 1343 (Fraud by Wire), 1505 (Obstruction of Proceedings Before a Government Agency, and 371 (Conspiracy).

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Document Review

Documents have been obtained by subpoena from [redacted] [redacted] and CPD Fundraiser [redacted] Senator Riegle has provided copies of documents that his attorney has deemed relevant. Senator Cranston's attorney has promised to provide Cranston's documents, but they have not yet been received.

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Copies of numerous Office of Thrift Supervision and ACC documents were obtained from the Document Depository in Phoenix, Arizona.

The documents that the U.S. Senators have provided the U.S. Senate Select Committee on Ethics have been received by Phoenix and Los Angeles Federal Bureau of Investigation (FBI) offices. Review of these documents reveal frequency of contacts between Keating, his associates and the U.S. Senators.

McCain Evidence

From review of McCain documents submitted to the Senate Select Committee on Ethics, the following contacts were made by McCain and his staff with Charles H. Keating and associates:

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McCain - '84 - 17 communications or contacts
McCain - '85 - 18 communications or contacts
McCain - '86 - 11 communications or contacts
McCain - '87 - 2 communications or contacts
(3/24 with Keating and [redacted] and 4/9 "chance"
encounter with Charles H. Keating in Halls of
Congress.)

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Staffers:

[redacted] (83 to 87) five contacts or
communications

[redacted] (83 to 12/87) seven contacts or
communications

[redacted] (1/88 to 12/87) two contacts or
communications (Note: On 3/27/87, [redacted] attended
meeting with McCain, Charles H. Keating, and [redacted]
and "after this meeting McCain severed his relationship
with Mr. Keating."

[redacted] (1/87 to 12/87) two contacts or
communications

Senator McCain's submission also details travel on
corporate aircraft belonging to ACC. These records further show
the reimbursement to ACC.

DeConcini Evidence

During the interview of [redacted]

Aide [redacted]

From review of Senator DeConcini Senate Select Committee on
Ethics documents, it cannot be determined which documents he
[redacted] Review of DeConcini documents have
located [redacted]

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Glenn Evidence

Senator Glenn's submission to the Senate Select
Committee on Ethics addresses charges made by Common Cause letter
of 10/13/89. In Senator Glenn's response, he specifically
addresses ACC two \$100,000 contributions to the National Counsel
of Public Policy (NCPD) which was a political action committee
for which Senator Glenn was the spokesman. These documents
include an opinion letter regarding the \$200,000 contribution
issued by the law firm of Wiley & Rein of Washington, D.C. This
opinion letter dated 8/15/85, states "the act (Federal Action

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Campaign Act of 1971) does not bar the corporation from donating corporate funds to the counsel (National Counsel on Public Policy) provided that such donations are paid to and deposited in the counsel's non-federal corporate account, that such account is separate and segregated from any federal account and provided further that none of the donations are used in connection with an election campaign for federal office". This letter was solicited by ACC.

Senator Glenn's submission to the Senate Select Committee on Ethics specifically eludes to the 4/2/87, meeting which occurred between [redacted] and the senators. Senator Glenn's recollection is the meeting was set by Senator DeConcini's office and Senator Glenn's recollection on some items is different than [redacted] the FHLBB. Senator Glenn discusses the 4/9/87, meeting with the San Francisco regulators from his recollection and "from the [redacted] notes that pertain to his statements". Senator Glenn's submission to the Senate Select Committee on Ethics further states he did not divulge any information he learned from the 4/9/87, meeting to any Lincoln representative. His submission does not however make this statement concerning the 4/2/87, meeting. Senator Glenn further states after the April 9th meeting he had no involvement or any knowledge of the FHLBB decisions that resulted in a "two year delay beyond the time in which San Francisco regulators had advised him that decisive regulatory action would be taken."

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Cranston Evidence

USA Votes records show that, at Cranston's request, Keating contributed \$100,000 of LSL funds on 3/3/87 to USA Votes (then known as America Votes). [redacted]

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[redacted] Approximately one month later, on 4/2/87, Cranston and three other senators met with FHLBB [redacted] and according to [redacted] the senators attempted to pressure him on behalf of LSL into withdrawing a direct-investment regulation and yielding on a property appraisal dispute in connection with an examination of LSL. One week later, on 4/9/87, Cranston briefly stopped in at a meeting among four other senators and regulators from the FHLB-SF regarding the LSL examination.

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[REDACTED]

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What, if any, involvement Cranston had in influencing the FHLBB to adopt the 5/20/88 Memorandum of Understanding (MOU) has not yet been determined. On 1/18/88, [REDACTED] reminded Cranston by memo that Keating has requested Cranston to set up a meeting with FHLBB [REDACTED] so Keating could find out why the "investigation is still going on four months" after [REDACTED] had told Keating that it would be completed in two weeks. Notes obtained from [REDACTED] show that Cranston mentioned to [REDACTED] that Keating would be in town on January 28. According to Keating's agenda and [REDACTED] appointment calendar, Keating met with [REDACTED] on 1/28/88. [REDACTED] calendar shows Cranston meeting with [REDACTED] on 5/16/88. The MOU was signed on 5/20/88, but was approved by the FHLBB on 5/5/88 and recommended by the FHLBB's Enforcement Review Committee (ERC) on 4/30/88. The MOU, which among other things, removed the San Francisco Bank from the examination of LSL was first proposed by LSL on 11/5/87 and was negotiated in February 1988 after [REDACTED] reportedly told FHLBB executive [REDACTED] to achieve a "peaceful resolution" with LSL.

During this time, Keating contributed \$750,000 to Cranston's voter registration projects. On 9/24/87, Cranston solicited from Keating and Keating pledged to contribute \$250,000. On 11/5/87, Keating fulfilled his pledge by contributing \$250,000 of ACC funds to Forum Institute and USA Votes. On 2/10/88, Cranston traveled to Phoenix, where Keating gave him \$500,000 of ACC funds for [REDACTED] Center for Participation in Democracy (CPD) and the Forum Institute.

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In early 1989, ACC desired to sell LSL, but needed FHLBB approval. The FHLBB refused to approve the sale and LSL was placed in conservatorship on 4/14/89. FHLBB records reflect that [REDACTED] telephoned FHLBB's [REDACTED] on 2/8/89 in support of LSL's sale. FHLBB member [REDACTED] advised he was telephoned by Cranston in early 1989 and Cranston urged approval of the LSL sale. Cranston reportedly telephoned [REDACTED] during the same period. Keating's agenda shows a dinner meeting with Cranston and [REDACTED] on 12/14/88, 12 days after he told the examiners of his intention to sell LSL.

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According to [REDACTED]
[REDACTED]

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Riegle Evidence

According to [] Riegle told him on 3/6/87 that the Arizona senators were concerned about FHLBB regulation of LSL and suggested that [] meet with them. Riegle's appointment calendar reflects this meeting of [] and Riegle. Riegle's calendar also shows meetings with [] of ACC on 2/5/87, 2/26/87, 3/16/87, and 3/17/87. Riegle did not attend [] meeting on 4/2/87 with the four senators, but at DeConcini's written invitation, he attended the senators' meeting with the San Francisco regulators on 4/9/87.

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Riegle's records show that on 3/23/87, Keating held a fundraiser luncheon for Riegle at the Hotel Pontchartrain in Detroit, which raised \$95,150 for Riegle's campaign, of which \$78,250 was given by persons connected with ACC. On 3/8/87, Riegle and his top aide [] received a helicopter tour of ACC's Phoenix developments.

With respect to the 5/20/88 MOU, there is no direct evidence that Riegle contacted FHLBB members on Keating's behalf. However, Riegle's calendars show meetings with FHLBB [] on 11/18/87, 4/20/88, and 5/18/88. Keating met with Riegle on 9/24/87, 1/28/88, and 2/4/88.

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Riegle's records reflect that on 2/22/88, Keating and [] agreed to sponsor a fundraising event for Riegle's campaign to be held in New York on May 10 or 11, with the goal of raising \$100,000. This fundraiser apparently never occurred, probably because the news media revealed on 2/28/88 that Riegle had received contributions from ACC employees and on 3/11/88, Riegle returned \$76,100 in campaign contributions made by Keating and his associates in 1987.

Riegle's calendars show meetings with [] on 12/8/88 and 2/23/89. Keating and/or [] met with Riegle on 11/17/88 and 1/17/89. The purpose of these meetings have not yet been discovered.

Investigative Focus

The investigation focuses on three occasions where one or more of the subject senators lobbied the FHLBB on behalf of Keating. The first occasion was in April 1987 when the five senators met with FHLBB [] and one week later with the San Francisco Bank regulators regarding the FHLBB's direct investment regulation and the LSL examination. The second

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occasion was in 1988 when LSL successfully convinced the FHLBB to remove the San Francisco Bank from the examination. This lobbying culminated in the execution of a MOU on 5/20/88. The third occasion related to ACC's attempts to sell LSL in early 1989. Senators Cranston and DeConcini called [redacted] member FHLBB in April 1989 regarding proposed sale of LSL to [redacted] aid [redacted] received follow-up calls. Cranston and [redacted] also contacted [redacted] Business, Transportation and Housing Agency, State of California about proposed sale as did Senator DeConcini. Senator DeConcini also called [redacted] regarding the proposed sale on or about 2/17/89.

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The investigation is also focused on what the subject senators received from Keating and his companies. This includes campaign contributions and contributions to political action committees or tax-exempt organizations controlled by the politicians. The investigation will attempt to develop any connection between the contributions to or for the benefit of the subject senators and the lobbying done by the senators. Investigation will also focus on all of Keating's contacts with political figures to determine the breadth of his efforts to acquire lobbyists.

The investigation will also focus on the July 1988 examination of LSL as to whether Keating influenced the scope of the examination and the ability of the examiners to conduct a thorough exam. The examiners are being interviewed and it appears there were constraints placed on them by the MOU and the exam team management.

Summary of all persons interviewed in this matter to date:

[redacted] Chase Federal Bank of Miami.
[redacted] FHLBB, residence [redacted]
[redacted] work telephone number [redacted]

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[redacted] will testify to a meeting that occurred 4/2/87, between himself and U.S. Senators Dennis DeConcini, John Glenn, Alan , and John McCain at the Office of Senator DeConcini. [redacted] further states that Senator Don Riegle after a meeting in which recapitalization of FSLIC was discussed that Riegle "pulled him aside and stated there were some other senators who want to talk to him about the LSL situation". [redacted] further recalls that Senator DeConcini took the lead in the questioning and appeared to speak on behalf of all the senators present. [redacted] recalled

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that Senator DeConcini referred to "their friend at LSL", in his opening statement to [] further stated that Senator DeConcini continually used the pronoun "we" which meant to [] that he was speaking for the senators present. [] specifically recalls Senator DeConcini requesting the withdrawal of the direct investment regulation until it could be determined whether the regulation was legal. [] stated at this point in the meeting he felt a "quid pro quo" had been offered and Senator DeConcini stated "if [] would withdraw the regulation he stated "we" would get their friend to make more home loans". [] further states the senators were concerned and wanted to discuss the reasons why the examination of LSL had "dragged on" for such a long time. [] stated the senators were concerned about the allegation of a feud on the part of [] further stated the senators appeared to be "lobbying" on behalf of Keating and LSL. [] further stated the senators seem frustrated that [] could not answer any of their specific questions regarding LSL examination and the meeting essentially concluded when [] suggested there should be an additional meeting with the San Francisco regulators. [] recollection is that Senator DeConcini called him a few days after the April 2nd meeting from Arizona indicating the senators wanted to meet with the San Francisco regulators at 6:00 p.m. on 4/9/87. [] stated he then notified [] the FHLB-SF and other regulators in San Francisco as to the meeting time and date. [] further stated he met with [] on 4/9/87, prior to the meeting with the senators and asked [] to prepare a full report at the conclusion of their meeting with the senators.

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Full text of interview pages 65 - 73, attached.

[] N.W., Washington, D.C., currently employed [] American Real Estate Group and was formerly [] the FHLBB and served in the above capacity during []

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[] will testify that [] was requested to attend a meeting with high ranking U.S. Senators and had been instructed to attend the meeting alone without his staff. [] would state that normally any and all meetings which took place regarding the bank board normally required a staff member. [] did not become involved in this meeting and did not make or receive any telephone calls concerning the meeting. [] recalls [] asking her, [] and [] to remain in the office until the conclusion of

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the 4/2/87, meeting. [] recalls when [] returned from the 4/2/87, meeting he did not prepare any communication regarding this meeting, however, [] recollection is that she, during this briefing session, was "in and out of the office". As a result, she did not recall [] using the term "quid pro quo" in regards to this meeting. She does not recall [] mentioning the senators requested to withdraw the direct investment regulation regarding LSL. [] does recall [] was offended and upset. [] said she does recall [] mentioning having discussed "the appraisal issue", and the senators complaining that appraisal procedures used by the San Francisco regulators appeared to be a problem. [] recalls [] mentioning the length of examination was a problem. [] specifically recalls [] stating "Charlie must have been involved because the senators knew so much about LSL".

[] stated in early October 1985, she was told by then FHLBB member [] that she [] had been contacted by Washington, D.C., attorney who suggested that a client of his wanted to hire [] [] received a call from [] an attorney in Washington, D.C., and he told [] he wanted to talk to her about "an offer of employment for [] Later, [] identifies the employment offer as coming from Charles Keating. [] stated she was subsequently contacted by a representative from the "Keating Office" at which time a breakfast meeting was set for 11/22/85. On this date, [] met Charles Keating and two of his associates for a breakfast meeting at a Washington, D.C., hotel. [] states there was confusion about where the meeting in the hotel would be and her office received a telephone call from [] to determine whether she had been delayed and then informed her where in the hotel the meeting was to be held. At the breakfast meeting, [] will state that she spoke personally to Keating concerning the job offer for [] [] stated that Keating explained his motivation for hiring [] was an effort on his part to have a "message heard by the FHLBB".

Full text of interview pages 74 - 79, attached.

[] currently employed by the Evans Group, Ltd, 1010 Wisconsin Avenue, N.W., Eighth Floor, Washington, D.C., telephone number [] residential telephone number is [] was

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employed by the FHLBB as [] for legislative and regulatory policy.

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[] would testify to her awareness to the 4/2/87, meeting between the U.S. Senators and []. She specifically recalls [] telling her he was told to attend the meeting without his staff. She was further instructed by [] to remain at the office until his return from this meeting and a debriefing by [] followed the meeting with the senators. During this debriefing, [] stated the senators had "asked me to withdraw the direct investment regulation" and in turn "they would have Charlie Keating build up their home loan program". [] attended the entire briefing given by [] and recalls the senators complained about appraisal standards and the length of the LSL examination. However, [] could not recall if she heard the complaints regarding appraisal standards from [] during the debriefing meeting or she learned of this during her normal work function.

[] has limited exposure to a discussion which involved board members, including [] that related to direct investment regulation. [] recalls [] did not contribute significantly to the discussion concerning the direct investment rule on 12/18/86. However, the next morning he submitted a proposal regarding direct investment which would have directly and primarily benefited LSL.

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Full text of interview pages 80 - 81, attached.

[] OTS,
580 California Street, San Francisco, California 94120, telephone number [] El Patio, Orinda, California 94563, telephone []
for the FHLBB-SF.

[]
[] recalled on one occasion [] said the examination team was "incompetent, made errors in arithmetic and their appraisals were wrong and flawed on their face". [] was present during numerous meetings with Keating and associates in San Francisco. [] can also testify to his conversation with [] subsequent to the 4/2/87, meeting when [] told [] that "they (the U.S. Senators) wanted him to let

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Lincoln out of the direct investment regulation and in return Lincoln would make Home loans".

[] was also in attendance at the 4/9/87, meeting with the U.S. Senators. [] will testify that Senator DeConcini was the lead senator in the questioning of the San Francisco regulators. [] would say Senator made a "brief appearance" saying that he "was in agreement with the concerns and views of the other senators". [] further stated it appeared as if Senator DeConcini had a "monologue prepared" concerning LSL which ended with the offer of "Lincoln making some more home loans if the direct investment regulation would be dropped by the regulators". [] stated Senator DeConcini had documents with him and in fact passed around the Arthur Young letter for review. [] further stated [] took copious notes and he [] reviewed these notes for accuracy and agrees with the substance of the notes.

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[] further would testify that in August 1986, [] was approached by []
[]
[]
[] that Charles Keating was "well known up here". []
[]

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Full text of interview pages 82 - 87, attached.

[] Attorney, Law Firm of Pillsbury, Madison and Sutro, West 535 Montgomery Street, Number 1594, San Francisco, California, telephone number [] residence [] California 94563, telephone number []

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[] will testify that []
[]

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[redacted]
[redacted] said when the employment offer was made she was employed by the FHLBB and her area of expertise was Savings and Loan Association Holding Companies.

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Full text of interview pages 88 - 89, attached.

[redacted] FHLB-SF, 120 Kearny Street,
San Francisco, California telephone number [redacted]
residence [redacted] San Francisco,
California.

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[redacted]
[redacted]
[redacted] The meetings with Keating were unrelated to LSL or ACC and believes the only time he met Keating was at a luncheon/reception in 1986 held by the California League of Savings and Loan institutions. [redacted]
[redacted]

[redacted] attended the 4/9/87, meeting with the U.S. Senators in Washington, D.C. [redacted] received notification of the meeting on 4/8/87, when his secretary received a message from the FHLBB of the April 9th meeting. The message identified [redacted] and the others who would attend the meeting as [redacted]
[redacted] stated the April 9th meeting began with a "lecture" from Senator DeConcini. The lecture "changed the original tone on purpose of the meeting". [redacted] states he felt Senator DeConcini and the senators were "parroting" what someone from the Keating organization had said to say. [redacted] further states he was "awestruck" from this extraordinary meeting with the senators. [redacted] will state it was his opinion the senators did not come to hear the examiners report on the findings, but the regulators were summoned by the senators to hear the senators' displeasure. [redacted] will testify he has reviewed the [redacted] handwritten notes and states they are correct in the description of the contents of the 4/9/87, meeting.

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[redacted] will also testify that in July 1987, after [redacted] the FHLBB, he initiated meetings with Keating and his associates by the end of July. [redacted] will state that during the time it was known that [redacted] was meeting with Keating and his associates, [redacted] made no effort whatsoever to meet with [redacted] or his regulators. [redacted] will state that in August 1987, he was instructed by [redacted] to

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"take no supervisory action or continue discussions with Lincoln personnel...until they were authorized by the bank board in Washington, D.C." [redacted] will testify that although he was never contacted by Keating personally, he was contacted by [redacted] in late 1987 when [redacted] informed [redacted] he had just gone to work for Keating. [redacted] requested a meeting with [redacted]. During this meeting [redacted] emphasized the fact that he had been hired by Keating to restructure LSL and to again be a traditional thrift.

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Full text of interview pages 90 - 93, attached.

[redacted] 3/13/90 Interview (second interview of [redacted])
[redacted] will further testify he did not have any direct conversations with [redacted] regarding the transfer of supervisor authority from San Francisco District. [redacted] said he was only notified of this transfer and given opportunity to discuss this transfer in a 6:00 a.m., telephone call in May of 1988. [redacted] declined to participate in this telephone conference call because [redacted] believes his position should have been solicited prior to the bank board taking a vote. [redacted] will testify that board member, [redacted] had a brief conversation with him in February of 1988 when he informed [redacted] that Charles Keating had given [redacted] a "file" which contained information regarding [redacted] and/or the Eleventh District. [redacted] was informed by [redacted] that "if the Eleventh District continues its pursuit of LSL and wound up in court, the information in the file would be damaging". [redacted] will further state that he asked to see the information and [redacted] refused saying he had promised Keating he would not show the file to anyone. [redacted] said when [redacted] disclosed the existence of this "secret file" and asked [redacted] what he was going to do as a result of the file's existence, [redacted] told [redacted] he could "stick it up his ass". [redacted] further states that after [redacted] informed him of the Charles Keating file, he immediately discussed the implication of this file with [redacted]. [redacted] prepared a memo concerning [redacted] conversation with [redacted].

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Full text of interview pages 94 - 98, attached.

[redacted] OTS, [redacted]
[redacted] San Francisco, California 94120, telephone number [redacted]
[redacted] residence [redacted] California
94070, telephone number [redacted]

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[redacted] stated in 1987 [redacted] FHLBB-SF. [redacted] said he first became aware of LSL Association in 1984 as the Savings and Loan that "lead the charge" against the direct investment legislation. When LSL first came to [redacted] attention, LSL was not regarded as a problem institution. [redacted] said that in March of 1985, LSL applied for permission to invest 40 percent of its assets in direct investment. This application was turned down by San Francisco and LSL subsequently appealed to the FHLBB. The FHLBB denied the appeal. [redacted] stated at this time, from personal review of public documents, such as 10 K's and 10 Q's, it was his opinion that ACC was already involved in unsafe investment practices.

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[redacted] will testify that on 4/2/87, after [redacted] attended a meeting with the four U.S. Senators, [redacted] telephoned him from his car radio asking him to stay at the office. [redacted] said he was aware Senator Don Riegle had set up the April 2nd meeting, however the agenda was never discussed between [redacted] [redacted] stated upon [redacted] return to the FHLBB office, he [redacted] briefed him, [redacted] and [redacted] [redacted] stated the senators wanted him to "yank the direct investment regulation in return for LSL making home loans". [redacted] informed [redacted] the senators were concerned about the length of the examination process and Senator Glenn seemed particularly upset with the length of the examination. [redacted] stated the 4/9/87, meeting was suggested by [redacted] however the date, place and time was determined by Senator DeConcini. [redacted] stated he took copious notes during the 4/9/87, meeting and there was no recording of this meeting. [redacted] volunteered the original handwritten notes to the FBI and the memo prepared to [redacted] dated 4/10/87.

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Full text of interview pages 99 - 103, attached.

3/13/90 Interview (Second interview of [redacted])

[redacted] will testify to the March 1986 examination of LSL. The examination focused on three problem areas: One, major underwriting violations for loans, two, violations of the direct investment regulation as a percentage of net worth, and three real estate transactions involving heavy concentration in Phoenix and Tucson, Arizona areas. [redacted] will testify that the FHLB-SF followed the guideline set forth by the FHLBB and the examination was in accordance with Examination Objectives and Procedures Manual (EOP). [redacted] will further state that as the examination progressed there was a continuous flow of information from San Francisco, verbal and written form as well as "E mail"

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(electronic letters transmitted within the Federal Home Loan Banking System). [] would further state that outside resources were hired such as real estate appraisers, security analysts, and the San Francisco District hired the law firm of Pillsbury, Madison and Sutro, as well as the accounting firm of Kenneth Leventhal to gain specific expertise which San Francisco believed was lacking within their district. [] will state that the Washington, D.C., supervision was informed of "each step taken by the San Francisco District". [] said in fact the hiring of Kenneth Leventhal and Pillsbury, Madison and Sutro was at the direction of Washington, D.C. [] can testify to the various meetings in Washington, D.C., with members of the FHLBB and San Francisco regulators where the direction of the March 1986 examination was discussed. [] will state up until July of 1987 the only criticisms voiced by Washington, D.C., supervision was that San Francisco was not acting fast enough. [] states this delay was largely due to outside conditions involving real estate, reappraisals and expert analytical review of junk bonds and real estate investments owned by LSL. [] would testify that the August 1987 revisit of LSL was "killed" by [] stated San Francisco District advised LSL of the intended limited scope and date of the exam visit. LSL management traveled to Washington, D.C., and met with [] the FHLBB and [] assistant to [] After this visit, [] subsequently ordered San Francisco to not conduct the field visit.

[] will state that in the Fall of 1987, Washington, D.C, supervision conducted an independent review of San Francisco's March 1986 examination. The review lead to an October 1987 meeting which lent support to San Francisco's examination findings. [] will state it was his impression in the Fall of 1987 that Washington, D.C., supervision appeared to draw the following conclusions of the San Francisco examination:

1. San Francisco was correct in their findings.
2. Removing San Francisco's supervision was wrong.
3. San Francisco District had not been abusive to LSL.
4. LSL management had been engaged in deceitful practices. [] stated in light of this apparent realization by Washington, D.C., [] was stunned when the 5/20/88 MOU and Supervisor Agreement with LSL was initiated. [] was under the impression until this time that a cease-and-desist order was being considered by Washington, D.C. [] said there had been meetings in October and November of 1987 in Washington, D.C., at the Office of Enforcement when a

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cease-and-desist order would initially be presented to LSL as a "consent cease-and-desist order". [redacted] stated the MOU tied the hands of the FHLBB even though it established a new examination date. [redacted] said the examination date was of no consequence because LSL was due a routine examination and the FHLBB had the statutory right to initiate this process.

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Full text of interview pages 104 - 115, attached.

FHLB-SF, [redacted] telephone number [redacted]
residence [redacted] California, telephone
number [redacted]

[redacted] said in 1986 [redacted] and as a result was somewhat involved in the examination of LSL from his supervisory responsibilities. [redacted] stated in 1986, during the exam of LSL, various problems existed regarding the underwriting of loans and lack of proper documentation in the loan files. Additionally, it appeared as if there were problems with direct investments and investments in high risk securities. [redacted] said he requested the files from the examination be sent to him for a review. [redacted] said from review of the files it was clear that LSL presented a unique situation and many problems existed with LSL which had not been addressed in other examinations. [redacted] due to the proceeding problems, arranged a meeting in July of 1986 with the management of LSL and in attendance was Charles Keating, Jr. Keating was representing the holding company, ACC. It was at this time Keating took charge of the meeting and leveled the charge of a "vendetta" being carried out by the San Francisco District. Keating stated this vendetta existed because recently LSL had applied to the San Francisco District to increase its direct investments. The district had denied this request. Keating and LSL then appealed to the FHLBB and the request was also denied. Keating felt there was a vendetta due to the denial of the request. [redacted] also said the FHLB-SF, as part of the assessment to determine if subordinated debt could be added to their capital requirement, had requested LSL to submit a comprehensive business plan and Keating also felt this was unreasonable and additional evidence of a vendetta.

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[redacted] would also testify he attended a meeting with five U.S. Senators on 4/9/87. He was notified to attend the meeting two days prior to the date of the meeting. [redacted] was informed by [redacted] that the meeting was to be held and

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was to be confidential. [] said he has reviewed the handwritten notes taken by [] and these notes reflect the content of the meeting and the statements made by various participants of this meeting. [] said Senator DeConcini took the lead from the beginning of the meeting. [] said his interpretation of the meeting was the senators wanted "forbearance" granted from the direct investment regulation. [] interpreted this as a request for the FHLB-SF to not apply the capital incurment which results from being over the direct investments limits by LSL. [] further recollection of the meeting was the senators appeared to be advocates of LSL and were not interested in wanting to hear the facts of the examination.

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Full text of interview pages 116 - 121, attached.

3/14/90 interview (second interview of [])

[] said during the 7/5/86, meeting Charles Keating got on his "soap box" and then proceeded to complain about [] policies and the "screwed up" nature of the thrift industry. [] stated Keating controlled this meeting and "rolled right over" [] not allowing him the opportunity to address the issues and the findings. Keating then became irate and personally challenged [] experience level and made a threat against [] indicating he could become subject of the LSL's litigation. [] will testify the San Francisco District utilized examination work programs to perform their examination tasks. These work programs were standardized although changing as indicated by the 1985 FHLBB's implementation of new asset classification guidelines dealing with loans and direct investments. [] would state the examination of LSL became difficult as the examiners were addressing new issues such as equity securities, junk bonds and direct investments regulated by the Garn-St. Germaine Act. [] would state the San Francisco FHLB retained the firm of Houlihan, Loken, Howard Inc., of Los Angeles to review and analyze the junk bond portfolio of LSL. USC Professors [] and [] were also retained to analyze the methodology of LSL investments. San Francisco law firm of Pillsbury, Madison and Sutro were also retained to assist San Francisco in compiling the necessary documents for a recommendation conservatorship/receivership. [] would further state FHLB-SF attempted to conclude their examination as quickly as possible after the 7/5/86, meeting, however, LSL wanted their counsel to have the opportunity to review every document the examiners reviewed. [] would further state the

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San Francisco bank communicated regularly with Washington, D.C., supervision in order to keep them informed of the issues and events surrounding the examination of LSL. [] specifically communicated with [] and his supervisor, [] [] said in October 1986 a statement of supervisory concerns was written by [] [] said in October and November of 1986 [] conveyed concerns to [] regarding the manner in which LSL was being operated. [] wanted San Francisco to issue a directive letter addressing the unsafe and sound practices of LSL. [] said San Francisco's response to Washington was they believed it would be better to complete the documentation of the examination to support the recommended action of a conservatorship. [] further stated San Francisco fully expected litigation from LSL and they wanted to insure their documentation was in order prior to taking on the anticipated litigation. [] said the field work for the March 1986 examination was initiated 3/13/86, and concluded on 10/16/86, with the final report dated 4/20/87. The recommendation for conservatorship/ receivership with an alternate proposal of the cease-and-desist order was concluded and forwarded to Washington, D.C., on 5/1/87. When the San Francisco District forwarded their recommendation to Washington, D.C., Washington supervision knew the recommendation was coming and were familiar with all the issues. [] said in fact [] Office of Regulatory Policy in Washington, wrote a memorandum dated 7/23/87, supporting the conservatorship for LSL as San Francisco had recommended. [] said when [] replaced [] on 7/31/87, [] requested a review of San Francisco District's recommendations and this review was conducted by [] and [] [] Their review agreed with 90 to 95 percent of the San Francisco findings. [] would state that in September of 1987 the San Francisco District intended to conduct a limited scope field visit of LSL and forwarded a letter to LSL management setting forth these issues to be reviewed. This field visit was based primarily upon LSL's rebuttal to the March 1986 examination. [] was later informed by [] [] that the field visit had been canceled by [] [] could testify to other events and meetings that were held with FHLBB officials and would state his last dealings with LSL occurred in May of 1988, when jurisdiction over LSL was removed from San Francisco.

Full text of interview pages 122 - 128, attached.

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[redacted]
[redacted] Congressional Relations and Communications, OTS,
1700 G Street N.W., Washington, D.C., telephone [redacted]
Clark in April 1987 [redacted]

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[redacted] will testify that she recalls [redacted] attending a meeting with U.S. Senators on 4/2/87, and upon his return from this meeting he was extremely upset. [redacted] further recalls [redacted] immediately briefed [redacted] and [redacted] as to the contents of the meeting with the U.S. Senators. [redacted] will testify she was not instructed to do any typing or take any notes regarding this meeting. However, she did type a memo given to her by [redacted] in conjunction with the second meeting with U.S. Senators and regulators from San Francisco which was on 4/9/87. [redacted] does not recall receiving any messages from any senator concerning either meeting.

Full text of interview pages 129 - 130, attached.

[redacted] OTS, 580 California
Street, San Francisco, California 94104, telephone [redacted]
[redacted]

[redacted] will testify she was responsible for the monthly monitoring of LSL which included the review of their thrift financial report, Securities and Exchange Commission filings, junk bond reports, internal reports and day-to-day contact with accountants conducting the institutions examination and the legal staff reviewing issues disclosed. [redacted] will testify she reviewed all examination findings in order to inform [redacted] and Washington supervision. [redacted] primary contact with Washington, D.C.'s, supervision was [redacted] will testify [redacted] was very receptive to the information provided by the San Francisco District and was cognizant of San Francisco's desire to seek a conservatorship/receivership with an alternative enforcement action of a cease-and-desist order. [redacted] will testify the recommendation for a conservatorship/receivership was drafted by [redacted] and San Francisco counsel [redacted] with the assistance from [redacted] of the law firm of Pillsbury, Madison, and Sutro. [redacted] stated the outside counsel was retained to insure sufficient legal justification and current evidence was present in order to support the enforcement action recommended by San Francisco District. [redacted] would further state San Francisco was specifically following [redacted] recommendation concerning the documentation of sufficient legal justification.

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[redacted] said [redacted] recommendations and concerns were conveyed to her through [redacted] who was an assistant of [redacted] described the information provided Washington, D.C., enforcement as "voluminous" and she always forwarded newly received and updated data to Washington, D.C., supervision. [redacted] stated after the final report was submitted to Washington, D.C., supervision and LSL, LSL attempted to refute every single issue within the examination report and the LSL response comprised 15 to 20 volumes. Upon receipt of the LSL response, it was decided by Washington, D.C., supervision there should not be any enforcement action instituted until the rebuttal had been reviewed in its entirety. Additionally, Washington, D.C., wanted San Francisco to update its information. As a result in August 1987, a limited scope visit was scheduled, however, this examination was not allowed by Washington, D.C., supervision. [redacted] will state during the following months she maintained close contact with [redacted] During this time, [redacted] believed [redacted] supported the San Francisco position and conveyed their support to [redacted] office. [redacted] will state she was unaware of the [redacted] memo dated 7/23/87, recommending conservatorship/receivership. [redacted] was not aware this memo existed until 1989 when [redacted] sent a copy of the memorandum to the San Francisco District. [redacted] would state that upon [redacted] replacement of [redacted] he believed there was an adversarial situation which existed between San Francisco and LSL and also stated there was a lack of enforcement by the Office of Enforcement because the information collected by San Francisco was too stale to act upon. [redacted] instructed a review to be conducted of the San Francisco findings by [redacted] would testify she was present in Washington, D.C., in October 1987 when [redacted] and [redacted] issued their report. Those present at this meeting were [redacted] [redacted] will testify this report very closely followed and agreed with the San Francisco District's action and position taken on LSL. [redacted] recalls [redacted] stating "if LSL is not insolvent at the present time, they will be within five years". [redacted] will state that [redacted] consented during the meeting that LSL was without a doubt a problem institution requiring corrective action, however, [redacted] stated the San Francisco District had not been objective in their analysis and he implied certain areas of the San Francisco analysis had "holes" in it due to the apparent lack of objectivity. [redacted] stated she and other San Francisco regulators were hoping that upon conclusion of this meeting they could return with the situation resolved so

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appropriate action could be initiated. However, [redacted] dismissed himself at one point from the meeting and never returned to render any form of decision, therefore the meeting was concluded without any issues being resolved. [redacted] recalls several members of the San Francisco group took notes of this meeting with [redacted] and prepared a letter which was sent to [redacted] setting forth an offer that should he determine additional information is needed to support the San Francisco recommendation, then San Francisco should be allowed to obtain this information and move forward with whatever action was deemed necessary. [redacted] stated to her knowledge there was never any response to this letter from Washington, D.C., supervision. [redacted] stated approximately two weeks after the October 7th meeting in Washington, [redacted] had a conference telephone call with [redacted] to inform him that a limited scope field visit would occur. [redacted] stated LSL management had already met a representative of the FHLBB and believed "the situation had been resolved" and LSL was on the road to putting together an agreement of some kind. [redacted] further stated the San Francisco District examiners would "need a court order to get into LSL for another examination". [redacted] stated she and [redacted] were "floored" by [redacted] statement and were equally surprised to find Washington, D.C., FHLBB had met with LSL officials on 10/21/87, without consulting the San Francisco District. [redacted] would further testify it was during this period of time that [redacted] traveled to San Francisco to draft a cease-and-desist order. [redacted] recalls [redacted] continued to "water down" the cease-and-desist order and move away from issues previously agreed upon. He further states [redacted] contributed little during the majority of the meeting to discuss the cease-and-desist order. [redacted] said she later learned [redacted] had in his possession a draft MOU provided by LSL during the meeting of 10/21/87, between LSL and Washington, D.C., supervision.

Full text of interview pages 131 - 138, attached.

[redacted]
[redacted] San Francisco,
California 94101, residence [redacted]
California 94960, telephone [redacted]

[redacted] said after LSL was acquired by ACC, it changed from a traditional thrift to investments in high risk transactions. [redacted] stated he attending a meeting in February 1985, when Charles Keating made the statement, "I hate to admit a mistake to a regulator, but money in junk bonds is

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wrong, but we're going to get out". This response was in regards to LSL submission of request to exceed the limit allowed as a result of the direct investment regulation. [redacted] will testify the March 1986 examination was a routine examination and from the inception, [redacted] was in intermittent contact with [redacted] and was aware of the direction the LSL examination was going. [redacted] position was the exam should proceed faster in view of the fact the lending policies of LSL appeared to be unsafe and unsound. [redacted] in fact wanted the exam conducted quickly so that enforcement action could be implemented. [redacted] would state [redacted] San Francisco District, and [redacted] Eleventh District flew to Washington, D.C., in July 1986, to brief the FHLBB on the exam and the position taken by the Eleventh District. [redacted] would testify the examination began in March of 1986 and ended in October of 1987. During this time, he was present at numerous meeting between [redacted] and [redacted] regarding the examination and the findings. Initial enforcement action was always a top consideration at this time and initially the cease-and-desist orders were later moved toward receivership. [redacted] would testify that between 1984 and 1986, 32 savings and loans were placed in a receivership within the Eleventh District without a single challenge from the FHLBB. LSL was the first institution which was challenged by the FHLBB. [redacted] stated the examination of LSL was the best he had witnessed. He added the Eleventh District findings were challenged and ultimately supervisory authority removed. [redacted] would state the final report was submitted to Washington, D.C, on 5/1/87, which incorporated the recommendation for a receivership or a conservatorship which was ultimately challenged by the FHLBB. [redacted] stated [redacted] and [redacted] were appointed to review the San Francisco findings. [redacted] would testify their review of the San Francisco findings agreed with approximately 95 percent of San Francisco's findings. [redacted] said the only area of disagreement was an appraisal of the Phoenician hotel. [redacted] would testify that on 10/7/87, there was a meeting in Washington, D.C., which was attended by himself, [redacted] and [redacted] of the San Francisco District. [redacted] and [redacted] plus two female attorneys from litigation in the Office of Enforcement were also present. It was during this meeting the review of the San Francisco findings were discussed by [redacted] and all those present were aware the review essentially agreed with San Francisco. [redacted] would further testify that [redacted] excused himself from this meeting and never returned and as a result, there was no definite resolution obtained. [redacted] would state he was aware

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[redacted] Office of Regulatory Activities, wrote a memo on 7/23/87, for submission to the FHLBB which supported the San Francisco position. [redacted] said he is of the opinion [redacted] prepared this memo which was signed by [redacted] further stated [redacted] was later replaced in July by [redacted] [redacted] would state that on 8/28/87, he called [redacted] in Arizona to inform him of the limited scope field visit. [redacted] would state that during this telephone conversation [redacted] was informed of the area of the examination and the fact it was limited in scope. [redacted] was told by [redacted] "it will take a court order and we won't let [redacted] in this institution". [redacted] stated in addition to the telephone call of 8/28/87, to [redacted] he also sent a letter dated 8/31/87, to LSL regarding a limited scope field visit. [redacted] would further state on 9/2/87, representatives of LSL met with the FHLBB Executive Committee which included [redacted] The result of this meeting was the San Francisco examiners would not conduct the limited scope visit. [redacted] stated he received the official word the examination would not be conducted on 9/30/87, by [redacted] [redacted] said from this date forward, supervision of LSL by the Eleventh District had been effectively ended. [redacted] would state the removal of the Eleventh District became official in May of 1988 with the signing of the MOU between LSL and the FHLBB.

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[redacted] said that up until 11/5/87, the enforcement action being considered by the FHLBB and San Francisco was a cease-and-desist order. However, [redacted] would testify that on 11/5/87, LSL sent a draft MOU to the FHLBB including language which removed San Francisco as the supervising district. [redacted] stated from this act, it became clear that LSL and the FHLBB officials were communicating directly and San Francisco was not being informed of their communications. [redacted] would state the MOU was "obscene" and in effect removed any supervision of LSL. [redacted] would further state the MOU in fact did not restrain LSL, but effectively "restrained the hands of the bank board".

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[redacted] stated the "side letter" that was sent by [redacted] was an unknown document until it was discovered in preparation for the House Banking Committee testimony. [redacted] further stated as a result of the MOU, the March 1986 examination could not be utilized in any subsequent examination of LSL. [redacted] would state that in addition to the fact that the March 1986 examination could not be used, the examiners who conducted the examination could not be contacted by any future

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examiner. [] would further state [] was fired for approximately one day because Charles Keating complained about [] who apparently had made negative remarks concerning Keating. [] would state he had personal conversations with [] who stated he had been fired.

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Full text of interview pages 139 - 147, attached.

[] Eleventh District, OTS, [] San Francisco, California 94104, telephone []

[] stated during 1986 when the examination of LSL began, he was the Director of Examination for the FHLBB of San Francisco. [] would state he personally became involved in hiring the outside experts specifically for the examination of LSL. [] stated these outside experts were the firm of [] to conduct real estate appraisals and [] to review the junk bond portfolio. [] would testify he personally briefed FHLBB staffers [] and his supervisor, [] regarding the findings of LSL and the fact the management was "stone walling". [] would testify as a result of this briefing concerning the "stone walling", there was a meeting with [] of the LSL law firm. Those who attended this meeting in July of 1986 were himself, [] and [] to the meeting it was known that LSL wanted every document requested by examiners to be reviewed by an attorney, specifically [] in New York. The resulting agreement was that documents would be made available and reviewed by an attorney for LSL on sight in Phoenix. [] stated in March of 1987 he became Deputy Director of the Agency Group which in effect removed him from the examination loop, however, he was aware of the progress of the LSL examination because every Tuesday there was a meeting in the office of [] which is entitled, "Significant Events Meeting" and during this time there were briefings on the Eleventh District which included LSL. [] would testify while he was Director of Examinations and reviewed the examination reports, he saw no evidence of "any vendetta" or "out to get LSL attitude" on behalf of the examiners and supervisors. [] stated from the inception of the examination of LSL after it was determined the management would not be cooperative, the Eleventh District hired outside legal experts to assist the Eleventh District examiners. [] an attorney for the law firm of Pillsbury, Madison and Sutro, was retained to assist in preparation of the examination

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report. [] further stated he is aware draft recommendations were submitted to the FHLBB.

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Full text of interview pages 148 - 151, attached.

[] OTS, 4 Center
Pointe Drive, Suite 300, La Palma, California 90623, telephone
[]

[] the March 1986 examination of LSL. [] would testify the examination was a routine full scope examination, but did not include the holding company, ACC. In order to adequately address the new fields of examination, the FHLB-SF used outside expert to analyze the junk bond, real estate and other direct investments of LSL. The LSL examination concluded in October 1986. The reason for the unusually long time lapse between the conclusion of the examination and issuance of the examination report was FHLB-SF allowed LSL adequate time to review the findings and respond to the asset classifications. [] the examination report which highlighted such violations by LSL as their exceeding the direct investment limit by approximately \$600 million. Enforcement action was recommended by the supervisory branch of the FHLB-SF. This is where the friction occurred between LSL and the FHLB-SF. [] advised the friction did not affect the examiners.

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Full text of interview pages 152 - 156, attached.

[]
[] OTS, 4 Center Pointe Drive, Suite 300, La
Palma, California 90623, telephone []

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[] was employed in 1986 by the FHLBB of San Francisco as a financial analyst. Her responsibilities were to review LSL's monthly statements which generated concern and prompted her to move LSL examination ahead through a list of backlogged examinations. The exam revealed early on numerous deficiencies (poor loan underwriting, direct investment compliance, junk bond portfolio, and real estate investments). Additional resources (examiners) were ordered in to determine whether these areas were prudent or risky. In July or 1986 LSL started complaining about exam to FHLBB. [] attends July meetings with LSL management in Washington, DC to discuss flow of information to San Francisco District. This agreement established LSL intermediary which slowed the progress of the exam. [] has knowledge and attended meetings as

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LSL was discussed in Washington and witnessed the removal of supervision from San Francisco and the fast San Francisco District "was not kept abreast of the FHLBB dealings with LSL. The examination called for additional review procedures and extension of the purposed closing date. When the examination closed in October of 1986, FHLB-SF had not fully explored all the areas they desired. However, this delay was attributable to LSL's refusal to provide the information and documents. FHLBB was advised of the recommended supervisory action as early as August 1986, and LSL was advised of the examination findings in October 1986. LSL was allowed to comment on the findings so there would be no surprises to LSL or the FHLBB. [redacted] requested the Washington, D.C., staff to evaluate the San Francisco report and his staff concurred with the San Francisco recommendations. [redacted] also met with LSL officials without the knowledge of FHLB-SF when LSL submitted a proposed MOU. FHLB-SF was effectively removed of their supervisory authority over LSL in September 1987 when instructed not to conduct further examination procedures by [redacted] FHLB-SF was never consulted during MOU process or with respect to an agreed examination to commence in July of 1988.

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Full text of interview pages 157 - 165, attached.

[redacted] FHLB of Seattle,
1501 4th Avenue, Seattle, Washington 98101-1693, telephone [redacted]
[redacted] residence [redacted]
Washington 98040, telephone [redacted]

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[redacted] would testify he attended a meeting in Seattle, Washington in February of 1988 which was attended by members of his staff and Charles Keating, [redacted]

[redacted] The purpose of this meeting was to discuss the transfer of supervisory authority of LSL from San Francisco to Seattle. [redacted] would state Charles Keating conducted the meeting and he told them he had been treated unfairly by the San Francisco District and wanted to transfer to Seattle. [redacted] would state Keating said he spent approximately \$35 million "fighting the regulators". [redacted] would further state Keating offered to immediately write out a check to acquire a small institution to facilitate the transfer of supervision. [redacted] also recalls Keating saying he "got [redacted] appointed to bank board". [redacted] recalled this statement was made in the context of Keating's conversation in regards to his fight with the regulators. [redacted] would further state he recalls [redacted] the San Francisco Bank, telling him that [redacted]

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FHLBB) had received a file from Charles Keating which contained information that was damaging to the Eleventh District.

[redacted] was aware [redacted] had not been allowed to review the file and believed the information was primarily about him.

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Full text of interview pages 166 - 169, attached.

[redacted] FHLB of
Seattle, 1501 4th Avenue, Seattle, Washington 98101-1693,
telephone [redacted] residence [redacted]
[redacted] Washington 98040, telephone [redacted]

[redacted] would testify to attending a meeting on
2/19/88 in Seattle, Washington. Those present from the Seattle
Bank District were [redacted]

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[redacted] said present from
LSL were Charles Keating, [redacted]

[redacted] During this meeting, [redacted] attempted
to control the meeting on behalf of LSL, however, Keating soon
dominated this meeting. [redacted] said Keating was under the
impression the transfer of LSL from San Francisco supervision to
Seattle had been approved. [redacted] said, in fact, [redacted] was the
individual who initiated the idea of coming to Seattle to discuss
this transfer of supervision and apparently had discussions with

[redacted] Keating, after he took over the meeting said the San
Francisco examiners were arbitrary and capricious and had treated
LSL unfairly. Keating said, in fact, he would not allow any of
his employees to meet with San Francisco regulators and he also
refused. Keating specifically eluded to the appraisals conducted
by the San Francisco District that were inaccurate. Keating also
stated he had political influence and specifically referred to
land in Louisiana where he used his influence to have the
direction of a freeway change to come through his property.

[redacted] stated several members of the Seattle group started
asking Keating questions, one of which was asked by [redacted]

[redacted] The question by [redacted] related to Keating's
relationship to LSL. In Keating's response, he explained he was
not the director of LSL and he said "he did not want to go to
jail". [redacted] then asked Keating why he responded in this
manner and [redacted] specifically asked Keating "is there something
that could cause you to go to jail". [redacted] said Keating did
not audibly respond to this statement and [redacted] then
again tried to take the lead for Keating. [redacted] would state
she recalled Keating offering to write out an \$800,000 check to
acquire a failed thrift in Oregon. Keating asked [redacted]
to come up with this \$800,000 figure based upon the total cost of
approximately \$10 million. Keating then stated there was no need

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for due diligence and said he would write out the check that day to facilitate transfer of supervision to Seattle. [] would testify that initially in the meeting Keating became very emotional and appeared to have great acting ability when he started describing his life story.

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[] would testify to a conversation with [] after this meeting in which [] accused the Seattle District group of treating "Keating poorly". [] continued to say they appeared to be interviewing him and this was not the intent of the meeting. [] further stated she had discussions with [] and the decision for the transfer had been made in Washington, D.C. [] stated this telephone call from [] was on 2/20/88 or 2/21/88. [] left the impression she had a close working relationship with []. [] would state the position taken by the Seattle District was in agreement with San Francisco. [] recalls having spoken to [] about this and only recalls [] telling her to "keep an open mind". [] would further state that she recalls Charles Keating during the February 1988 meeting saying he was involved in getting [] appointed as a member of the FHLBB, however, she could not recall the specific details of this statement.

Full text of interview pages 170 - 175, attached.

[] employment Royal Trustco, 14 25th Avenue, Suite 4200, Seattle, Washington 98101, telephone [] residence [] Washington 98040, telephone [] in 1988, [] the FHLB of Seattle.

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[] stated he attended in February 1988 a meeting in Seattle and identified the Seattle representatives as []. [] said the attendees representing LSL were Charles Keating, []. [] recalls [] was continually referred to by Keating as "our outside auditor". [] said it was obvious from the inception of the meeting that Keating was under the assumption that the transfer had been approved and he was there solely to facilitate the transfer to the Twelfth District. [] in fact compared Keating's attitude as that of a person "buying a car". Keating's solo purpose for being in Seattle was to facilitate the transfer of supervision through the Seattle District by buying a failed thrift within that district. [] would state [] attempted to control the meeting on

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behalf of LSL, however, Keating soon took over the meeting. It was during this time Keating became very passionate in his presentation and in fact stated he was an "unconventional thrift operator". Keating said he purchased LSL as a failed thrift wanting to take advantage of the broad California regulations. Keating stated he never intended to make home loans because after he bought the thrift he soon realized Great Western had the real estate brokers "locked up". Keating said he then instead invested in junk bonds and direct investments. Keating admitted that he originally told the San Francisco regulators that home loans were to be continued, however, after he determined he could not make money he changed business tactics. [redacted] would state it was clear from Keating's presentation he was not on the Board of Directors of LSL and [redacted] asked him why he was not. Keating said, "I don't trust regulators and I don't want to go to jail". [redacted] said Keating made this statement in the context of discussing the fact the regulators did not understand his business style and had changed the rules. Keating said he spent \$50 million fighting the regulators. [redacted] stated during Keating's soliloquy concerning himself, that he came from a poor family and he had worked himself into a position of responsibility and influence. Keating said he was personal friends with world leaders such as Mother Theresa and was personal friends with leaders of this nation. Keating said the regulators could not understand his success. [redacted] said Keating eluded to land he owed in Louisiana to show the extent of his influence by having the course of a highway changed to intersect his property. Keating said he could in fact "marshal such influence and the regulators were small minded examiners and did not like the fact he knew all of these people and could pull strings". [redacted] then stated Keating said he had "gotten [redacted] appointed to the FHLBB in order that the rules could be changed". [redacted] said Keating further stated he did everything he could to get him appointed to the board because [redacted] understood his business tactics and would help him. Keating then related how he met [redacted] through some high administration official, however, [redacted] could not recall the identity of this person. Keating said [redacted] felt the same way about the thrift industry as he did and Keating in fact reiterated the statement "I got [redacted] appointed to the board". [redacted] would testify that after the meeting, [redacted] told [redacted] she had [redacted] home telephone number and said she worked very closely with him because they were close to reaching an agreement on an MOU. [redacted] would state that upon [redacted] return to either Arizona or Washington, he was involved in a conference call between [redacted] himself, and [redacted]. During this telephone call, [redacted] said she had just talked to [redacted] and asked if they could get

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back to him so they could "get this going". [] would testify to a conference telephone call with [] after the February 1988 meeting, and this telephone call was a conference call with himself, [] and []. [] stated they informed [] of the Seattle impression of Keating and [] responded by saying "keep an open mind on this". [] also stated the bank board still had the authority to move supervision to Seattle without concurrence of the Seattle District. [] stated after this conference telephone call, [] sent the conditions under which Keating would operate a thrift in Seattle for review. Essentially this document indicated LSL could keep their direct investments that were currently on the books, and could additionally make other direct investments until told to stop by the regulators.

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Full text of interview pages 176 - 180, attached.

[] [] OTS,
1501 4th Avenue, Seattle, Washington 98101-1693, telephone number
(206) 340-2475, residence [] Seattle,
Washington 98199, telephone []

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[] would testify [] July 1988 examination of LSL. [] would state he was given this assignment by []. [] would further state he headed the "National Exam Team" of LSL after supervision was removed from the San Francisco District. [] would state in June or July of 1988 he flew to Phoenix, Arizona where he attended a "dog and pony show" that was put on by officials of LSL. [] would characterize this meeting as "unusual" because LSL gave the presentation regarding how well it was operated and discussed the business philosophy behind the operation. [] stated Charles Keating conducted the "dog and pony show" and all of his LSL management team was present. He cannot recall the identity of these individuals, however, he was certain Charles Keating III and the appraisal people were present. [] said Charles Keating III introduced each department head individually and gave a brief background of their education which included their university of attendance and their grade point average. After this "dog and pony show", there was a meeting conducted by [] which was attended by all the Examiners in Charge. [] said the California Department of Savings and Loan Agency officials were not present. During this presentation, [] discussed the leaks of information that were coming from the March 1986 examination and stated the national examination would focus on safety and soundness of operations rather than regulatory violations. [] said regulatory violations would

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not be ignored, but LSL had hired numerous qualified accountants and lawyers to support their position as it related to the regulatory violations alleged in the March 1986 examination.

[] further stated the national examination would focus on safety and soundness. [] further said [] charged the examiners in determining the current condition of LSL and could not rely on the March 1986 examinations or any of its examiners.

[] further stated the examiners were not to contact their respective districts and the information was to be confidential.

[] stated he held a meeting with the examiners and during this meeting he essentially informed them of the statements made by [] would testify the July 1988 examination was controlled in the terms of the flow of information from LSL and its managers and by the MOU. [] said very document had to be reviewed by either [] again

said this was not typical and expressed concern as to the accuracy of the information being provided to the examiners.

[] said in regards to the MOU, it essentially stated direct investments, regulatory violation concerning the Hotel Pontchartrain were to not be "re-visited" by the national examiners. [] would testify that []

would make every effort to not have examiners review these areas and use their reason as the "MOU". [] said there were other areas that were not to be "re-visited" pursuant to the MOU, however, he could not recall these issues. [] would state he realized there was a rumor of a "whitewash" of the July 1988 examination of LSL, however, he attributes this to the MOU and the instructions issued by [] also stated he had conversations with [] concerning these "whitewash"

allegations and stated [] and [] came to Phoenix in response to the allegations. [] would further state the principal area of concern by the examiners was the area supervised by [] and again the concerns were

[] would not allow his examiners to record regulatory violations and there was concern over the classification of assets. [] would state after he voiced his concerns to Washington, D.C., he did receive the accounting people necessary to review the affiliated transactions which he states resulted in the examination of the holding company, ACC.

[] would state during the conference in November 1988, Keating would state his disagreement with the findings which identified fault in their underwriting process of the real estate investments, the loans and the junk bonds. [] would State there was over \$1 billion classified as poor underwriting by the examiners. [] said he is unaware of Keating's response to the July 1988 examination of the thrift and/or the holding

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company. [] would testify to personal contacts with Keating, however, these contacts were discussions primarily relating to philosophical discussions concerning the thrift industry. However, [] would testify on one occasion he told Keating his ideas (Keating's) were not consistent with the thrift industry and should not be a part of the thrift business. [] would testify, in his opinion, the examination of ACC was what actually allowed the government to place LSL into receivership and [] attributed the idea of the holding company examination to himself.

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[] would state that on initiation of the holding company examination Keating was testy and argumentative and would testify as exam progress became difficult if not impossible to obtain documents and answers to questions. [] would further state on one occasion [] implied [] was involved in "the short sell of stock which would personally benefit him". Initially [] would only say someone of the FHLB was doing this illegal trading and then he identified O'Connell. When [] challenged [] to prove the allegations, the allegations ceased. [] would state after the examination of the holding company started, the examiners "had to ask the right questions to get the right answer". [] would state there were daily meeting with examiners discussing significant issues and the significant issues were always reported to his supervisors. [] and then to [] would further state he had no input into the MOU and stated, to his knowledge, it had never been used in the Seattle District. [] would further state an MOU is normally used as an enforcement tool with cooperating management and its application is for minor problems. [] would further testify he could not recall an MOU being used within the FHLB system.

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Full text of interview pages 181 - 189, attached.

[] [] OTS, Seventh District Office, 111 East Wacker Drive, Chicago, Illinois 60601, telephone [] residence [] Illinois 60148, telephone []

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[] would testify [] ACC. [] would state he arrived in Phoenix on 8/6/88 to initiate the exam process. He immediately met with [] the EIC of the LSL examination. On that same date he would testify he attended a meeting between Charles Keating, [] and other high

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management officials of ACC. Keating said at this meeting he was pleased with the way the thrift examination was progressing and praised [] saying that "things are going well and it's a good process". [] would testify that upon initiation of the holding company examination, all the managers of ACC were positive and cooperative. [] would also state [] was cooperative and had an upbeat attitude about the examination, and when negatives were reported to him, he would take notice. Initially [] had told [] Keating and his employees were "brilliant and the government couldn't go against him". [] would testify that within two weeks after the examination of the holding company was initiated, significant information was being developed which he would construe as negative. [] without benefit of documents during the interview, stated it immediately comes to mind as a significant problem was the Memorex/Playtex transaction. [] said initially the management of ACC said they did not trade in stock, but upon review there appeared to be a \$40 million loss and LSL was taking this loss and ACC to profit. [] further stated another major problem of ACC was the exorbitant salary being paid to Keating and his family members and certain employees. [] further stated LSL appeared to be buying back stock when they knew the market value was declining. [] further stated ACC was "pulling in money from sub-debt investors", specifically the California ACC bond purchasers seemed to be ACC's principal source of income. [] would testify that on 10/19/88, an interim report was filed and from this date on, the senior management of ACC became less cooperative. The report indicated there were concerns about the insider trading problems with the Pontchartrain Hotel. This information was never incorporated into the thrift examination. [] remembers Keating and [] stating Keating was not using this money personally. [] would further testify [] and [] were surprised with the information contained in the ACC interim report. [] would testify that ACC was a "classic case of holding company abuse and every transaction they entered into should have not been done". [] told Keating ACC management had lied to him concerning the Playtex/Memorex transactions. Keating "blew up" and said he would fire anyone who lied to the examiners. Keating further stated in accordance with the MOU, the examination of the holding company could not continue. Keating specifically told [] he should be reporting to [] and Keating said he would not continue to respond to any issues raised by [] or his examiners. Keating at this time said if the holding company examination continued, there would be a \$2 billion loss. Present during this meeting and witness to Keating's statement were []

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[redacted] [redacted] [redacted] [redacted]
[redacted]
[redacted] would state in February of 1989 upon initiation of the compliance portion of the examination, he attended the meeting with Charles Keating when Keating asked [redacted] if the second examination was to "prove me insolvent". At this meeting, Keating further stated, "I am not going to jail" and "here are the keys". Keating continued to accuse [redacted] and [redacted] of being "Nazis" and then started rambling about unrelated meetings with Alan Greenspan and called [redacted] and said, "Here are the guys who will cause you to loose your job and you might as well be here". Keating then started rambling about Mother Theresa. [redacted] said it was during this occasion that there were two proposals to sell LSL and when Keating realized the examiners was not there to find him insolvent, he appeared to cooperate briefly with [redacted] by saying "work with me and let's get it sold". Keating further stated, "Maybe I can even work with you". [redacted] would testify that by April of 1989, he had been receiving daily cash flow reports and they suddenly stopped. [redacted] went to the office of [redacted] and found Keating in [redacted] office. Keating then told [redacted] he would need a subpoena to obtain any more information. [redacted] said from view of the cash flow reports, there was zero cash in ACC and it appeared as if funds were being transferred from the subsidiaries to ACC. [redacted] further stated when Keating initially wanted to work with [redacted] in an effort to sell LSL, Keating told [redacted] the [redacted] group was a "sham", however, the Rousselot transaction was "real". [redacted] said Keating told him this because he did not want the regulators to "screw it up". [redacted] would state during the tenure of the holding company examination, he attended meetings with [redacted] and [redacted] and they both continued to state ACC was being treated unfairly and essentially continued to complain without offering any advise, etc.

[redacted] stated during the second board meeting of November 1988. Keating referred to [redacted] who is the father of [redacted] and said that the younger [redacted] was an "instrument of his father's policy". Keating further stated he wanted [redacted] off the examination immediately and [redacted] recalled seeing a memo saying [redacted] had been taken off the examination.

Full text of interview pages 190 - 195, attached.

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[redacted] OTS, Seventh District Office, 111 East
Wacker Drive, Chicago, Illinois 60601, telephone [redacted]
residence [redacted] Illinois 60103,
telephone [redacted]

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[redacted] would state he is an examiner and as such was assigned in August of 1988 to assist [redacted] of the Chicago District to assist in the examination of LSL. The areas he examined were the ESOP Retirement Plan and the Hotel Pontchartrain. [redacted] said upon his arrival in Phoenix he heard the allegations the thrift examination was "a whitewash". [redacted] would testify he had conversations with [redacted] an examiner from the Atlanta Bank District, who expressed such concerns. [redacted] recalled the Phoenician Hotel was one of [redacted] concerns and the appraisal and cash flow were part of the problem. [redacted] however, could not recall any other concerns of [redacted] would testify he had heard [redacted] say "none of the appraisers from the State of California or the FHLBB had the qualifications to adequately appraise the Phoenician Hotel or its projected profits". [redacted] would testify that during smoke breaks he had conversations with Charles Keating. [redacted] said he could only fix the month of October 1988, in which these conversations occurred, however, Keating and he initially started talking thrift industry philosophy and Keating would say the "Feds have screwed up Texas". Keating continued to discuss the thrift industry in general and then said, "If the FSLIC takes over LSL, it will cost \$2 billion". Keating further stated the government had been "picking" on him for approximately two years and in fact LSL had been under investigation for the same length of time. [redacted] stated he believed he spoke with Keating four to five times during October 1988 and the conversations he had were generally of this nature. Keating often referred to the government's harassment and to the \$2 billion potential loss if LSL was taken over. [redacted] would testify to the fact he told [redacted] sale of ACC stock and subsequent repurchase by Keating and his company was a "ponzi scheme". [redacted] would testify [redacted] told him "the government has to learn to work with and control Keating, because he and his people are the only ones who can make this project go". [redacted] said he also knows [redacted] told [redacted] and [redacted] an examiner from Boston, "FSLIC people would loose money if brought in". [redacted] could testify to having discussions with [redacted] concerning the sub-debt sale and further told [redacted] the investors were the "big time losers". [redacted] would state [redacted] response was always Keating had to be "brought under control to protect the bond holders". [redacted] never discussed with [redacted] the source of his statements concerning Keating or how he acquired his opinion. [redacted] stated

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the MOU placed a time constraint on the examination and believed the examination of thrift and ultimately the holding company had to be completed in November of 1988. [] will testify to conversations he had with [] in September or early October of 1988 when [] said the thrift examination "was coming out clean". [] continued to say there was "dirt", but the examination report "looked like it would be clean". [] specifically referred to [] and his classification of the Hotel Pontchartrain. [] said [] definitely left him with a general impression that problems were being found in the examination of the thrift, but would not be incorporated into the final report. [] will testify to his travel with [] in December 1988 to Washington, D.C., to brief [] regarding the holding company examination findings. [] would state the sub-debt sales were discussed and [] recommended the sales be stopped immediately, however, no action was taken and ultimately California authorities stopped the sale of the subordinated debentures. [] would testify this convinced him "another fix was in".

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Full text of interview pages 196 - 200, attached.

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telephone []

residence []

telephone number []

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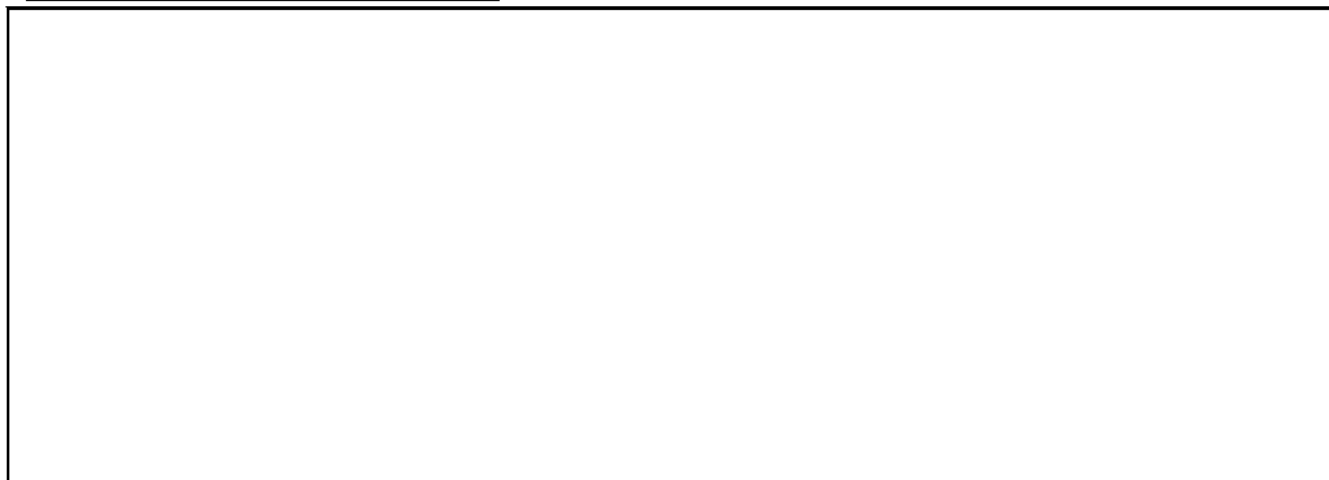


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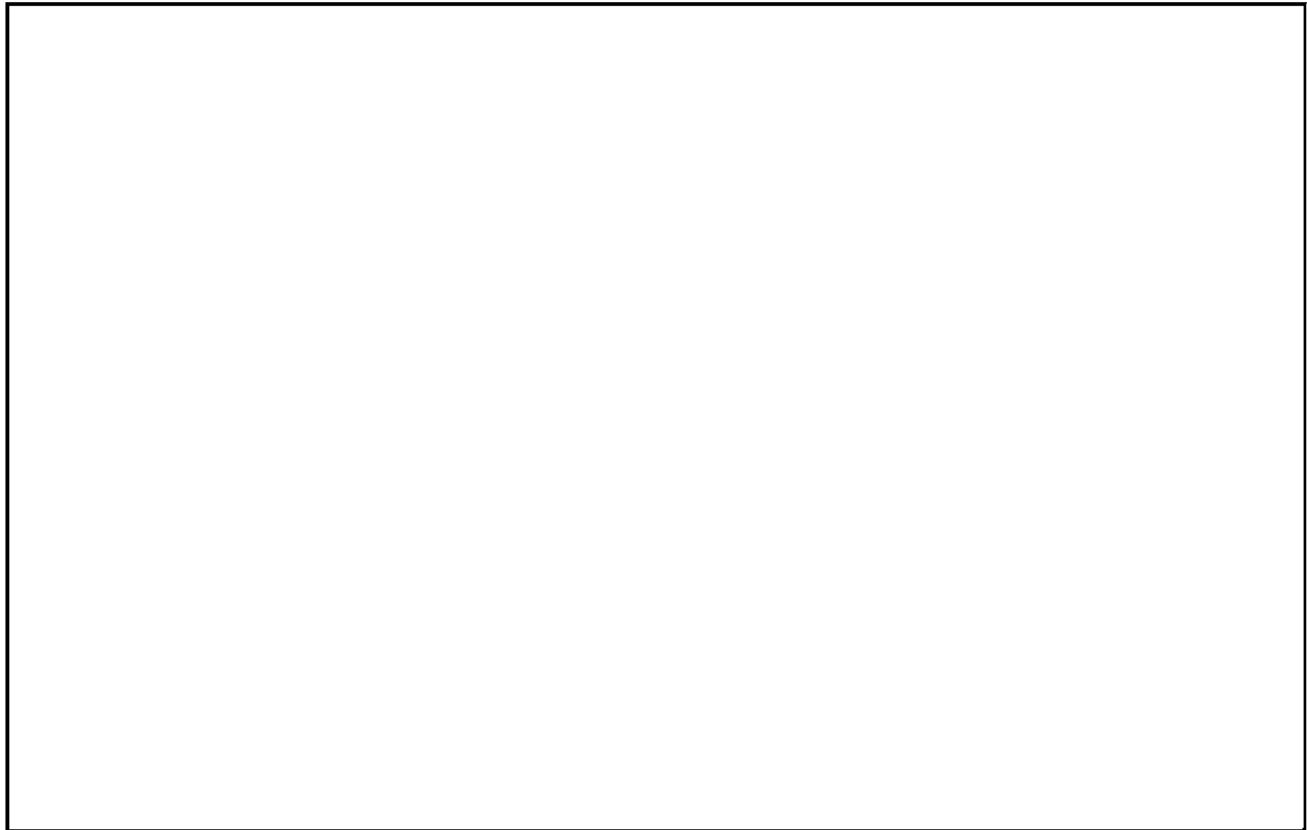
Full text of interview pages 206 - 247, attached.

[redacted]
[redacted] Chicago.
Illinois 60601, telephone [redacted] residence [redacted]
[redacted] Illinois 60123, telephone [redacted]

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Full text of interview pages 248 - 250, attached.

[redacted]
[redacted] Chicago, Illinois
60601, telephone number [redacted] residence - [redacted]
[redacted] Illinois 60430, [redacted]

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[REDACTED]

Full text of interview pages 251 - 253, attached.

[REDACTED] FHLB
of Chicago (now retired), residence [REDACTED]
Chicago, Illinois 60617, telephone number [REDACTED]

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[REDACTED] would testify that he was [REDACTED] deputy and he
and pushed for the examination of ACC, the holding company of
LSL and they originated the idea of the ACC exam.

Full text of interview pages 254 - 255, attached.

[REDACTED]
[REDACTED] Portland, Oregon, who resides at [REDACTED]
[REDACTED] Portland, Oregon 97214, telephone
number [REDACTED]

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Full text of interview pages 256 - 261, attached.

[redacted]
[redacted] New York City, New York,
telephone number [redacted] residence - [redacted]

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[redacted] New York City, New York 10021, telephone number [redacted]
[redacted]

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[redacted] During this occasion, he had the opportunity to meet with Charles Keating on two occasions. [redacted] would testify that his first meeting with Keating was in the spring of 1986 and that Keating had called requesting this meeting. The initial meeting with Keating took place in the Office of the Treasury Building and during the meeting Keating was very philosophical and expressed his points of view regarding the savings and loan industry. Keating was critical of the philosophy of [redacted] Keating quoted from a study which had been conducted by [redacted] Keating expressed his position and was a strong proponent for direct investment and made that philosophy known to [redacted] stated the second meeting with Keating was in mid-1986, and by this time, [redacted] was aware of the conflict, which had begun between Keating, LSL, and [redacted] had been in contact with [redacted] on a consistent basis to obtain his views and recommendations about legislation. At the second meeting, Keating strongly expressed his views about [redacted] philosophy. Keating stated [redacted] was dangerous to the savings and loan industry and that he (Keating) would take it upon himself to stop [redacted] by hiring him away from the FHLBB. Keating told [redacted] he was willing to hire [redacted] and had attempted to hire [redacted] at a salary of \$300,000 a year. Keating further told [redacted] that [redacted] had refused the offer. [redacted] made Keating aware that he supported many of [redacted] philosophies [redacted] Keating told [redacted] he was wrong by agreeing with that philosophy [redacted]

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[redacted] Keating further accused [redacted] of being "out of step" with the White House Administration's philosophy of deregulation. Keating stated that the direct ownership by savings and loan was the answer to the savings and loan industry problems. [redacted] recalls being extremely surprised by the extreme nature of Keating's philosophy and made him attempt to clarify what Keating was saying. [redacted] said, "If I hear you correctly, you want to, in effect, own a mutual fund consisting of stocks and directly owned properties funded by the government and insured deposits, with the down side risk going to the government and the up side profit going to the savings and loan". [redacted] specifically recalls Keating stating, "You're exactly right". [redacted] informed Keating that his philosophy he

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had just stated was not part of the administration's concept of deregulation. [] then quickly terminated the meeting and had Keating and his associates escorted out of his office. [] then further instructed his staff that they were not to meet with Keating again or members of his staff. [] can testify that he met with [] on 4/3/87, and at this meeting, [] was very upset and outraged and mentioned to [] that he had been to a meeting on a hill with several United States Senators. [] stated [] did not go into detail, but stated that the senators tried to influence [] did advise [] that at the time that it appeared Keating was behind the attempted influence, [] would further state that in mid-November 1986 through April 1987, he was contacted separately by []. The meeting with [] was after he had obtained a recess appointment in November 1986, and prior to his resignation in April 1987. [] mentioned that he wanted to be confirmed as a member of the FHLBB and gave [] a list of his credentials. [] felt [] could influence the banking committees and other influential people, due to the fact [] was a close associate of []

[] further stated that he received a telephone call on or about 12/19/86 from []. At this time, [] stated he was furious with []. He told [] that [] had just attempted to introduce an 11 point plan to change the direct investment regulation. [] felt that the 11 point plan would exclusively benefit LSL.

Full text of interview pages 262 - 268, attached.

[] Former member of FHLBB, resides at []
[] Mequon, Wisconsin 53092, telephone number []

[] would testify that he was a member of the FHLBB. [] would state that an unusual occurrence happened prior to his appointment on the FHLBB. This strange occurrence involved the recess appointment of [] said he and his wife were in Washington, D.C. for the announcement of his appointment in the fall of 1986 when [] announced that [] would be appointed to the FHLBB. [] said that he learned that it was rumored that Keating had contributed \$250,000 to the Republican National Committee. [] said that [] who is with the United States League of Savings and Loan informed [] of this fact. [] further stated [] former board member, also indicated this contribution had been made. [] said that

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[redacted] of the White House made the same statement. [redacted] would testify that he had meetings with [redacted] and that [redacted] arranged for [redacted] to have meetings with Charles Keating. His meeting with Keating occurred in January 1988, at his office at the FHLBB. [redacted] was also present. Keating said he was being treated unfairly by the San Francisco Bank District and wanted to present his case to [redacted]. Keating left a file with [redacted] which consisted of approximately 20 pages. These documents contained in the file were copies of an examination and LSL's rebuttle. [redacted] could not recall, which exam findings had been copied. [redacted] stated Keating wanted him to believe that he was "squeaky clean" and the examiners were "after him". [redacted] said that Keating never told him information contained in the file would be damaging to anyone in San Francisco. [redacted] said he later told [redacted] to copy the file and give copies to [redacted] and board member [redacted]. [redacted] later changed his mind and asked [redacted] to retrieve all the copies that she had disseminated and return them to Keating. [redacted] stated that he did discuss the existence of the file with [redacted] FHLB in San Francisco. [redacted] said he believed this discussion occurred during one of the monthly meetings with all of the district bank presidents. [redacted] stated he intended on informing [redacted] that the file existed and if what Keating says is true, "You're going to be embarrassed". [redacted] informed [redacted] that the contents of the file "concerned things about examiners". [redacted] testified that in January 1989, he received a telephone call from Senator Alan Cranston. Cranston had obtained his unlisted number in Washington from [redacted] in Wisconsin. [redacted] wanted [redacted] to meet with [redacted] to discuss his purchase of LSL. [redacted] said that [redacted] was not giving [redacted] a fair chance to explain the acquisition by his group. [redacted] said that he did meet with [redacted] the next morning to honor the request of [redacted]. [redacted] said that the next morning, he received a telephone call from Senator Dennis DeConcini and essentially expressed the same concerns as had Cranston. DeConcini, in fact, sounded as if he were "reading from the same speech" as had Cranston. [redacted] explained to DeConcini that he would be meeting with [redacted] however, he did not inform DeConcini that Cranston had called. DeConcini told [redacted] that Rousselot had not been getting a fair hearing about the purchase of LSL and that he was concerned about the effect on this sale on the Arizona Real Estate Market if LSL was allowed to fail. [redacted] said that after the meeting with [redacted] Senators Cranston and DeConcini, as well as their aids called, however, he did not speak to them as [redacted] received these calls. [redacted] said he understood, from [redacted] that the calls became so frequent they

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were of a bothersome nature and he told [] to call the senators and ask that the calls be discontinued.

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Full text of interview pages 269 - 286, attached.

[]
Evanston, Illinois 60201, []
[] Wisconsin 53092, telephone number []
[]

[] would testify that []
[] He knew that [] was receiving telephone calls from Senators DeConcini and Cranston and that [] considered these calls "unwise". [] also will testify that he was aware that [] had informed [] to have telephone calls discontinued. [] would state that he was present in two board meetings in May 1988, when [] told board members that if Keating was not involved in ACC and LSL, the Arizona real estate market would fail.

Full text of interview pages 287 - 289, attached.

[] New York, New York 10012 [] would testify that he is a former FHLBB member []

[] will testify to some knowledge of the appointment of [] to the FHLBB. [] would state that [] was known as a "Keating man". [] would describe the events that led up to [] submission of an 11-point plan to the FHLBB that related to modification of the direct investment regulation. [] would state that when [] submitted his proposal, it was understood by the other board members [] that there would be a period of extension in order to allow [] to become conversant and understand the Direct Investment Regulation. [] submitted his proposed changes to the Direct Investment Regulation on 12/18/86.

Full text of interview pages 290 - 295, attached.

[]
[] Los Angeles, California 90010, telephone number [] residence - []
[] Newport Beach, California 92660, telephone number []
[]

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[redacted] would testify that he received a telephone call from [redacted] State of California, informing [redacted] that he, [redacted] had just received a phone call from Senator Dennis DeConcini. [redacted] stated that DeConcini had told him that Wall had said that [redacted] would be a problem for the proposed sale of LSL. [redacted] could not recall if [redacted] was discussing the sale of the [redacted] that DeConcini did not want [redacted] to say anything to the press concerning this proposed sale. [redacted] further stated, shortly after the telephone call with [redacted] who is [redacted] called [redacted] wanted to know why the [redacted] sale was not good. [redacted] said he received this call from [redacted] at his residence and [redacted] had complete understanding of the transaction and discussed it in detail. [redacted] stated both of these telephone calls from [redacted] occurred in March 1989.

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Full text of interview pages 296 - 298, attached.

[redacted]
[redacted] of California, 1120 N Street,
Sacramento, California, [redacted]

[redacted] can testify to receiving a telephone call in early April 1989, from Senator Dennis DeConcini. Senator DeConcini told [redacted] that it was his, DeConcini's belief, that the state of California was in the position to stop the sale of LSL to the Rousselot Group. [redacted] replied that the State of California was not in a position to stand in the way of this proposed transaction since that transaction will result in LSL operating under a federal charter. [redacted] went on to say that state regulators in California still have a problem with LSL, but the move to a federal charter would essentially "take the state out of the loop". Senator DeConcini, then began describing his evaluation of the importance of ACC to the State of Arizona. Senator DeConcini described the hardship to Arizona that would result from layoffs at the corporation and the collapse of the real estate projects underway in the State of Arizona that were supported by ACC. [redacted] does not recall Senator DeConcini mentioning anything about [redacted] during the telephone conversation. Similarly, [redacted] did not infer from the telephone conversation that DeConcini wished [redacted] to silence California critics of the LSL proposed sale. [redacted] stated he "probably discussed", the DeConcini telephone conversation with [redacted] however, he did not instruct

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[redacted] to "tone down" his criticism of the operation of LSL, nor does he recall telling Crawford that move had been suggested by DeConcini's telephone conversation.

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Full text of interview pages 299 - 301, attached.

[redacted]
[redacted] State of California, 1120 N Street, Room 2101, Sacramento, California 95814, telephone number [redacted]
[redacted]

[redacted] in April 1989, received a telephone call from [redacted] in which [redacted] asked [redacted] if, he, [redacted] would mind talking to an attorney from ACC about the proposed LSL sale. [redacted] later that same day, received a telephone call from an attorney claiming to represent either LSL or ACC. [redacted] cannot recall the name of the attorney. This attorney told [redacted] that the sale of LSL would be approved federally and he, the attorney, request that either [redacted] call [redacted] to assure [redacted] that no one from the State of California, in particular, would say anything critical about the proposed federal sale. [redacted] told this attorney that he would have to discuss this with [redacted] and get back in touch with him. [redacted] recontacted the attorney who made the original request. [redacted] asked the attorney to be more specific as to what he meant by asking [redacted] to "not make a statement". [redacted] amplified this question by asking if that also meant statements made to regulatory authorities or federal investigators. With that question, the attorney became very flustered and said he did not want [redacted] to refuse to ask any questions from regulators or investigators. The attorney closed the conversation by stating that he would contact [redacted] in the very near future. No such contact took place.

Full text of interview pages 302 - 305, attached.

[redacted] interviewed in the presence of his attorney [redacted] resides at [redacted] Mesa, Arizona 85204, telephone number [redacted]
[redacted]
[redacted]

[redacted] stated he never consulted with DeConcini on any personal business or any other business. His contacts with Senator DeConcini always related to DeConcini's campaign. [redacted] is unaware of the method of acquisition of DeConcini landholdings other than inheritance from

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a deceased father. [] said that the substantial checks drawn on the Arizona Leadership Account, was money that he embezzled from the Dennis DeConcini account and he was replacing this money with checks drawn on the Arizona Leadership Account. [] said that he never provided any funds to Dennis DeConcini, except for reimbursement of expenses. [] is not aware of any charitable group with whom DeConcini has affiliation. [] said he does not recall any particular fundraising activity involving ACC or MDC. [] said he recalls RA Homes conducting some type of activity in Las Vegas, Nevada, but could not recall the details. [] said that the Arizona Democratic Party Federal Account, Arizona, Inc., was an account that helped candidates in Arizona and the DeConcini 1988 campaign contributed to this organization. [] said that the Southwestern Border Registration was a "get out the vote" organization, but he is not familiar with these activities.

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Full text of interview pages 306 - 308, attached.

[]
[] Washington, D.C.,
20326, telephone number []

[] the National Council on Public Policy. [] would testify that Charles Keating contributed two \$100,000 checks to Senator John Glenn. [] however, [] National Council on Public Policy. [] recalled that there were three bank accounts using the name of National Council on Public Policy. [] could not recall which of the three accounts the \$100,000 checks were deposited into. [] said, however, the two \$100,000 checks were deposited into a "non-federal account", in the name of the National Council on Public Policy. [] said he had nothing to do with the non-federal accounts and his only responsibilities was the submission of reports relating to the federal accounts to the FEC. [] said that [] contacted him in December 1985, indicating that Charles Keating wanted to "help Senator Glenn". [] said it was common knowledge at this time that [] was having difficulty in paying bills incurred from his presidential campaign activities and believes this is why [] contacted him. As a result of the initial [] contact, there was a meeting between Keating, Senator Glenn, Keating's wife, and [] in the Senator's Office at the Hart Building. During this conversation, Keating told the Senator that he "was a good man" and wanted to help. [] said there was no discussion concerning the amounts of the contributions or the mechanics of accepting or delivering the

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money. [] said this was left to [] and himself to work out. [] prepared a memo setting forth the details concerning the debt owed by []. This memorandum further explained the Political Action Committee (National Council on Public Policy), as well as the non-federal accounts and the characteristics concerning the reporting and nonreporting of the money. [] recalled that Keating told the attendees at the meeting in Senator Glenn's office that he was "maxed out" in contributions. [] stated that he is a registered lobbyist for ACC and he received approximately \$5,000, either from ACC or LSL. His lobbying activities was solicited by [] said that he believes [] worked for Senator Glenn in the 1975 campaign and afterwards [] attended the University of Cincinnati law school and briefly worked for a law firm and then went to work for ACC in Arizona. [] relationship with the Senator and his staff is such that he had open access to the Senator's Office. [] said that he believes [] went to work for Charlie Keating in early 1984.

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Full text of interview pages 309 - 312, attached.

[]
[] and resides at []
[] Washington, D.C. 20008, telephone number []
[]
[]

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[] would testify that []

[]

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Full text of interview pages 313 - 321, attached.

[redacted] On 2/5/90, self-employed real estate appraiser [redacted]
[redacted] Los Altos, California, advised he was hired by LSL in
October 1986 to give quick appraisals of two commercial
properties owned by Alan Cranston located in Los Altos,
California. [redacted] said the appraisals were apparently in
connection with Cranston's plan to obtain financing for his
senatorial campaigns.

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Full text of interview pages 322 - 324, attached.

On 2/23-23/90, [redacted] was interviewed in
Washington, DC. [redacted] advised that [redacted]
[redacted]

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[REDACTED]

Full text of interview pages 325 - 349, attached.

On 2/22/90, [REDACTED] was interviewed in
Washington DC For 1985 through early 1987. [REDACTED]
[REDACTED] Alan Cranston's
1986 senate campaign. [REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

Full text of interview pages 350 - 362, attached.

On 3/13/90, [REDACTED] was interviewed in [REDACTED]
[REDACTED] California. [REDACTED]
[REDACTED] recalled meeting
Keating only once, at [REDACTED] dinner in early 1988.
Shortly before then, Keating had given [REDACTED] a
candleholder as a gift for her. [REDACTED] did not provide any other
relevant information.

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Full text of interview pages 363 - 366, attached.

[REDACTED]

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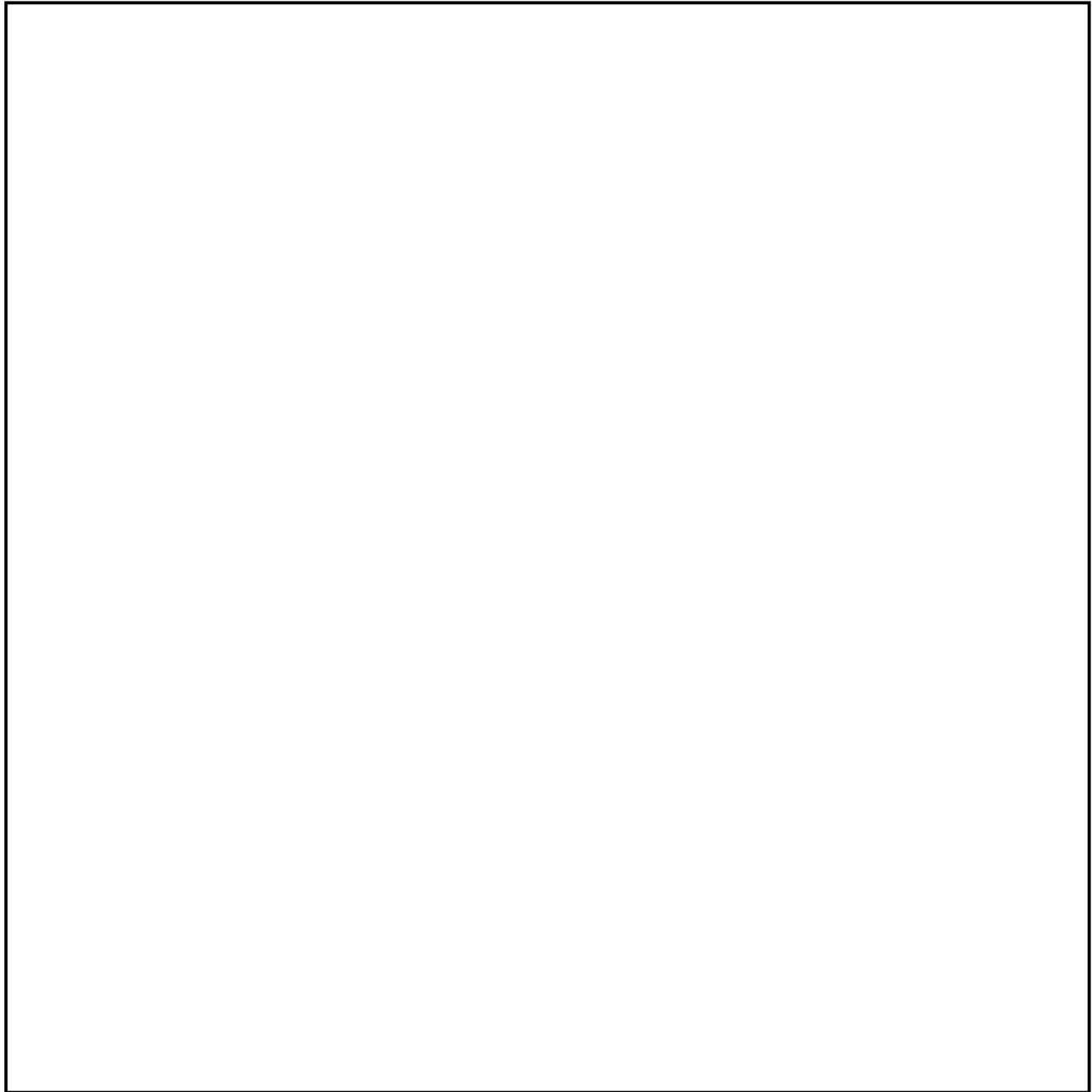


Full text of interview pages 367 - 369, attached.



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Full text of interview pages 370 - 375, attached.



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Full text of interview pages 376 - 377, attached.



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Full text of interview pages 378 - 380, attached.

Texas,

_____ would state _____
was a member of the ERC. _____ would identify its members as

_____ would state he was present at the ERC meetings when LSL
was discussed. _____ said he recalled nine ERC meetings when
Lincoln was on the agenda.

_____ said the meeting on March 25, 1988 of the ERC
particularly stands out in his mind because Charles Keating and
his associates presented their side to the ERC. _____ stated
originally on March 14, 1988 had been set aside for officials of
LSL to present their case, however, they refused to attend when
they learned representatives from San Francisco bank district
would be present. _____ said Keating at this meeting had
nothing much to contribute, however, the "sales pitch" was made
by _____
who had been introduced as the "outside accountant" made a very
passionate plea indicating Arthur Young Accounting Firm stood
behind LSL. _____ said the accounting opinion was not only
his but the opinion had been reviewed by the highest officials of
Arthur Young in New York. _____ said of all the individuals
from LSL who made presentations on behalf of their thrift, the

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statements made by [] were the most influential on him and had a direct bearing on his decision-making process. [] specifically recalls [] saying that the "accounting treatment and asset appraisals" conducted by the San Francisco examiners was incorrect. [] further stated his assessment of these also had gone to the highest level of Arthur Young and they concurred with his findings. [] further stated he was "absolutely certain that the regulators were wrong and his firm was correct". [] stated it was quite obvious from the way [] talked about the various transactions that he had detailed knowledge and understanding. [] specifically alluded to the Phoenician Hotel and the Pontchartrain Hotel and disputed the San Francisco examiners analysis of these two properties. [] stated [] said, "We will go down dying. We won't agree to a regulatory process being carried out by incompetent people." [] also stated Keating said he had taken "a failed institution off the back of the FSLIC". Keating further stated the FHLB-SF knew that he was not going to be a traditional thrift operator as they asserted.

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[] would further testify to receiving a telephone call in May or June 1988 from Keating indicating he desired to transfer to the Dallas bank district. Keating indicated there had been a "understanding" with ORA and stated "I would like to come to your district."

[] would further testify that he is unaware of the evolution of the MOU because at no time was the MOU discussed as an enforcement tool during the ERC meetings.

Full text of interview pages 381 - 387, attached.

[]
[] Dallas,
Texas 75201, []

[] would testify he was employed by the Federal Home Loan Bank at Dallas from July 1986 until July 1988. [] would testify he was asked to resign []

[] was working directly for [] who was [] the Federal Home Loan Bank of Dallas. [] was also asked to resign by [] [] would testify that after his resignation was sought, he received a telephone call from [] of the FHLBB. [] was retained by [] to conduct a study of the thrift industry. [] was employed from July to October 1988. His

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thrift industry study showed that the healthy thrifts had a modified growth rate and not the explosive growth rates that were experienced by savings and loans that ultimately failed. [redacted] further stated his study showed good management was equated with conservative leadership. [redacted] said he presented his findings to [redacted] who was [redacted] deputy. [redacted] said although he never discussed the conclusion of his report he did, have informal conversations with [redacted] and [redacted] knew generally the direction [redacted] study was going.

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Full text of interview pages 388 - 395, attached.

[redacted] Dallas Texas
75205. [redacted] would testify he [redacted]
[redacted] was Federal Home Loan Bank of Dallas.
Prior to this, [redacted] would
[redacted] testify he attended one meeting of the ERC on February 22, 1988.
[redacted] prior to this, had been given a memo authored by [redacted]
[redacted] The memo was given to him by [redacted]
[redacted] was instructed by [redacted] to review
the [redacted] memo and submit his opinions to [redacted] [redacted] said
basically his memo supported the findings of the San Francisco
bank district as it related to LSL. [redacted] said after he attended
the February 22, 1988 ERC meeting, he was asked to resign by
[redacted] said his resignation was "70% [redacted]
and 30% [redacted]

Full text of interview pages 396 - 403, attached.

[redacted]
[redacted] Irving, Texas 75016-0909, [redacted]
[redacted] would testify he was employed by the Federal
Home Loan Bank of Dallas. [redacted] During
this time, [redacted]
[redacted] was asked to resign by [redacted]
bank, [redacted] said his own exposure to LSL was
when he was asked to comment on a [redacted] memo by his
supervisor [redacted] The memo he was asked to review was a
historical summary of the activities of LSL from the beginning to
its current status. [redacted] said he drafted a memo for [redacted]
[redacted] said his memo essentially supported the case
for receivership of LSL. [redacted] said, in fact, the [redacted]
[redacted] memo laid out a "good case for the receivership".

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[redacted] said in April 1988, [redacted] called [redacted] from Washington, DC and said he had attended an ERC meeting. [redacted] told [redacted] [redacted] had asked [redacted] to resign. During this telephone call, [redacted] did not volunteer to [redacted] the reason why he was asked to resign. [redacted] later learned that he and [redacted] would also be asked to resign because of their affiliation with [redacted]. [redacted] said [redacted] was a "strong hard-nosed regulator and his resignation was a political action". [redacted] said [redacted] had the most extensive knowledge and experience in the Federal Home Loan Bank and the fact that he had been removed from the system when so many problems were arising was "simply incredible". [redacted] said [redacted] told him [redacted] told [redacted] it was "either you or me".

Full text of interview pages 404 - 409, attached.

[redacted]
[redacted] Member FHLBB, currently employed as [redacted]
[redacted] New York, New York, [redacted]
[redacted] was [redacted] Member FHLBB, from [redacted]

[redacted] said in early 1988 Charles Keating wanted to speak personally with [redacted] about his complaints. [redacted] however, refused to see him and [redacted] another board member that asked [redacted] to see Keating which he did. Present at this meeting were Keating, [redacted]. During this meeting with Keating, he presented a package to [redacted] which consisted of documents purporting to prove the fact that he (Keating) was being treated unfairly. The cover memo which was on a "cc" letterhead was directed to [redacted] Chairman of the Bank Board. This memo outlined Keating's complaints. It detailed certain findings of the examiners and Keating's response to these findings. Keating also alleged that the San Francisco District had leaked confidential information regarding LSL to the press. After the file was given to [redacted] [redacted] discussed the memo and its possible repercussions. They agreed if the allegations were true, this was a fairly serious matter. After giving the file to [redacted] [redacted] his meeting with Keating and the file which Keating had provided. Subsequently, [redacted] both requested copies of the file. [redacted] believes the file was still in [redacted] custody when these requests were made. [redacted] stated [redacted] did not want to be put

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in a position of brokering copies of this file to others so approximately one week after his meeting with Keating, he instructed [] to retrieve the file from [] and return it to Keating. [] would testify late one late in April 1989 [] contacted her at her residence and told her he had just received a telephone call at his Arlington, Virginia apartment from Senator Alan Cranston regarding the proposed Rousselot acquisition of LSL. [] said Cranston requested [] give the proposal every consideration and work with Rousselot. Cranston also requested that [] meet with Rousselot to discuss the matter. [] had already met with Rousselot several times with [] present to discuss the proposal and was willing to meet with him again. [] stated [] was surprised to have received this telephone call from Cranston at his residence, particularly since his telephone number was unlisted. The following morning at approximately 6:00 a.m. [] received another telephone call from [] During this telephone call, he informed he had just received a call at his apartment from Senator Dennis DeConcini. DeConcini also requested [] to give the Rousselot proposal serious consideration. DeConcini told [] the sale would be good for the state of Arizona because of LSL's large real estate holdings there. [] advised DeConcini that a breakfast meeting was already arranged. [] said during the time the Rousselot proposal was before the board, [] had received several other telephone calls from the office of Cranston and DeConcini but [] stated no more than three calls were from the senators themselves.

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After receiving the calls at his residence from Cranston and DeConcini and after the breakfast meeting with Rousselot, [] instructed [] to contact the senators offices and tell them he was aware of their interest in the Rousselot proposal and to request they stop contacting him regarding this matter. After [] made this request no further calls were received from Cranston or DeConcini regarding LSL.

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Full text of interview pages 410 - 414, attached.

Herb Drinkwater, Mayor, Scottsdale, Arizona, 3939 Civic Center Plaza, Scottsdale, Arizona 85251, (602) 994-2433, provided the following information regarding the campaign contributions received from Keating:

Mayor Drinkwater stated he recalls receiving money from Keating in 1980 and 1984; however, the money was returned. Mayor Drinkwater said that he never spoke with Keating about political

ALLEGATIONS CONCERNING U.S. SENATORS
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contributions and was never asked for any favor by Keating. Drinkwater said he only recalls meeting Keating two or three times at social events.

Mayor Drinkwater recalled at one of thee social events talking with Keating about zoning changes that Keating had requested. These properties were located at 11000 North Scottsdale Road, indian Bend Road, and Thomas. Mayor Drinkwater said that he recalled Keating saying, "You never voted for anything I ever had." Mayor Drinkwater said that he, in fact, did not think these zoning changes that Keating wanted were good for the city.

Full text of interview page 415, attached.

[redacted] New York, New York,
[redacted] was contacted at his place of employment.

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[redacted] stated that in approximately July 1988 he received a telephone call from [redacted]

[redacted]

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[redacted] recalled that [redacted]
[redacted]

Full text of interview page 416, attached.

[redacted]
[redacted] New Jersey [redacted]
[redacted] extension [redacted] home address [redacted]
[redacted] New York [redacted]

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[redacted]

in

ALLEGATIONS CONCERNING U.S. SENATORS
ALAN CRANSTON, ET AL;
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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Full text of interview pages 417 - 418, attached.

The following examiners have been interviewed, however, the FD-302s have not been received by Phoenix FBI. These are teletype summaries:

[REDACTED]

[REDACTED]

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/9/90

[redacted] Office of Thrift Supervision, DEPARTMENT OF THE TREASURY, Four Centerpointe Drive, Suite 300, La Palma, California 90623, telephone number [redacted] was contacted at his place of employment. After being advised of the identity of the interviewing Agent and the official nature of the interview, [redacted] voluntarily provided the following information:

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[redacted] advised his date of birth is [redacted] and his Social Security Account Number [redacted] been employed by the FEDERAL HOME LOAN BANK BOARD (FHLBB) [redacted]

[redacted] became involved in the LINCOLN SAVINGS AND LOAN ASSOCIATION (LSLA) examination [redacted]

By July, 1986, the examiners had already conducted examination procedures upon quite a number of the LSLA assets, and had identified assets for classification. Reappraisals had also been ordered in several instances, and outside resources had been retained to conduct new appraisals, evaluate the junk bond portfolio of LSLA, and outside legal representation from the law firm of PILLSBURY, MADISON and SUTRO, who were already reviewing examiners' work papers.

[redacted] of the LSLA examination at Irvine, California. However, by July, 1986 it had been discovered the remaining "meat and potatoes" of the examination were in Phoenix, Arizona. [redacted]

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[redacted] of reviewing the direct investments of LSLA. Although an examiner in charge was placed in Phoenix, the scope of the examination continued to be focused

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by SA [redacted] MC Date dictated 3/21/90

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Continuation of FD-302 of [REDACTED]

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upon ISLA rather than the parent company, AMERICAN CONTINENTAL CORPORATION (ACC). However, as the records were in the possession of ACC in Phoenix, Arizona, it was deemed necessary to place examiners in Phoenix so that access to the documents could be obtained.

The ISLA examination was a routine, scheduled, full scope examination. As the examination progressed, additional procedures and emphasis were determined on a "risk basis". This primarily means attention is directed as needed to those areas deemed to have the most risk associated with them. [REDACTED]

[REDACTED]

[REDACTED]

The examiners were responsible for reviewing risk assets, loan and direct investment files, and compiling work papers to support their findings of procedural or regulatory violations. Outside counsel had already been retained by the FHLBSF in July, 1986, and the outside counsel was in the process of reviewing the examiner's work papers for sufficiency. The outside counsel would then create a list of questions for the examiners, so that the examiners could obtain additional evidence to support their findings as deemed necessary by outside counsel. [REDACTED] recalled outside counsel expanded this list on several occasions, making the list approximately fifty (50) pages of questions to which the examiners responded. Outside counsel was utilized by the FHLBSF in order to "be prepared" because of the sensitivity of the examination and the nature of the findings which were expected to result in a recommendation for enforcement action.

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[REDACTED] described the examination as sensitive, because CHARLES H. KEATING, JR. was known as being influential, antagonistic and litigious in his dealings with regulators. Furthermore, junk bond investments and direct investments outside the state of the association's operations created new fields for the examiners to address for which no previous examination procedures existed. These new fields were also considered by the examiners to be of a high risk nature.

[REDACTED] advised that risk assets are the primary basis for deviation from one examination to the next. Therefore, the examinations focus upon these risk areas of an institution, and

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Continuation of FD-302 of [REDACTED]

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to pursue those risk areas is a basic principle of examination which is not intended to be construed as harassment by the association being examined.

The on-sight examination of LSIA was completed near the end of October, 1986. An asset classification meeting was held with LSIA's management at this time to review the examination findings. The San Francisco District then allowed LSIA to respond to some of the classification of assets reviewed during the exit conference, and then the San Francisco District of the FHLBSF reviewed those responses provided by LSIA closely, and considered their viewpoint. [REDACTED] added that this process took a good deal of time, which resulted in an unusually long five month time lapse between the exit conference and the ultimate completion of the examination report in April, 1987. As LSIA's management responded to the asset classifications in January or February, 1987, the San Francisco District conducted their review of LSIA's response to the examination findings and concluded their examination report in approximately two to three months.

[REDACTED]

[REDACTED]

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[REDACTED] the examination report, [REDACTED] presented a fair and well thought out decision. The San Francisco District had allowed LSIA to respond to asset classifications prior to the examination report, and had considered the position of LSIA prior to rendering their final decision. The examination report indicated there was a great deal of LSIA's assets at risk, as well as numerous procedural and regulatory violations. [REDACTED] mentioned specifically LSIA was given the full benefit of the doubt regarding the "grandfathering issue" of direct investments, and still violated their direct investment limit by approximately six hundred million dollars (\$600,000,000.00).

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Continuation of FD-302 of [REDACTED]

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[REDACTED] advised the San Francisco District was very busy at this time in 1987 in taking enforcement action against numerous associations. San Francisco District was known as one of the more innovative districts in having conservators appointed and enforcement action instituted. Furthermore, San Francisco District had the reputation of being very good at having their recommendations enforced.

[REDACTED] personal feeling was that in May, 1987, Washington, D.C. was not acting upon any recommendations from the field which did not have "insolvency" stamped all over the recommendation. [REDACTED] believes the San Francisco District had a solid case to support their recommendation for appointing a conservator on the basis of safety/soundness violations which warranted some restriction of ISLA's activities, despite the fact they were not insolvent.

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[REDACTED] advised the friction between San Francisco and ISLA management existed with the San Francisco District's Supervision Branch and did not affect the examiners' independence. The examiners were only exposed to this friction when they were prevented access to information necessary to conclude their examination.

[REDACTED] believes the friction between Washington, D.C.'s Supervisory Branch and the San Francisco District's Supervisory Branch was primarily a turf issue for which he did not have any specific details to support.

[REDACTED] recalled an investigation by the law firm of PILLSBURY, MADISON AND SUTRO addressing allegations that confidential examination information concerning ISLA was leaked outside the agency. The information was described to [REDACTED] as a number which was created through the examination process and was unique to ISLA's 1986 examination. [REDACTED] believed the figures had to have been leaked, because the information was so singular and specific in nature, only a member of the field examination team, San Francisco District Supervision, La Palma, California

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Continuation of FD-302 of [REDACTED]

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field staff, or ISLA management involved with direct investments, would have had access to the specific data.

[REDACTED] does not recall any other examination problems experienced by the San Francisco District similar to the ISLA matter which were not handled to the best ability of the San Francisco District in the circumstances. [REDACTED] added that these were chaotic times; however, San Francisco District always acted in a progressive manner rather than a lackadaisical manner.

[REDACTED] advised that no individual from ISLA or outside the FHLBSF ever approached him in an attempt to influence his actions as they pertained to the examination. Furthermore, no one from within the FHLBB lobbied his position in a manner which would be detrimental to the function of the examination. [REDACTED] believed everyone at the FHLBSF appeared to be moving in a common direction to resolve a situation at ISLA which was perceived as risky. [REDACTED] acknowledges that the Washington, D.C. supervision had final say in enforcement action; however, he believed the San Francisco District's examination of 1986 was far from "woefully inadequate", and added that today you will find the Office of Thrift Supervision acting regularly upon safety and soundness issues before an institution is declared insolvent in order to cut losses to the insurance fund.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/6/90

[redacted]
[redacted] Office of Thrift Supervision, DEPARTMENT OF THE
TREASURY, Four Centerpointe Drive, Suite 300, La Palma,
California 90623, telephone number [redacted] was contacted
at her place of employment. After being advised of the identity
of the interviewing Agent and the official nature of the
interview, [redacted] voluntarily provided the following
information:

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[redacted] advised her date of birth is [redacted]
and her Social Security Account Number is [redacted]

[redacted]
[redacted] a distinctive shift in the
operations of LSLA away from traditional thrift activities toward
increased investments in service organizations, acquisition and
development loans, investment in junk bonds and equity
securities. LSLA had previously concentrated in making mortgage
type loans.

[redacted]
[redacted] recommended the San Francisco District conduct
an examination of LSLA's operations at the earliest convenience.
[redacted] outlined specific areas of concern, which should be
included within the scope of the examination. LSLA was on an
examination schedule of approximately twelve (12) to eighteen
(18) months with the last examination being conducted in August,
1984. Although LSLA was due for an examination, [redacted]
[redacted] caused LSLA's examination to be moved ahead through a
list of backlogged examinations.

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[redacted] was an analyst in the San Francisco
District, working under [redacted]
[redacted]

Investigation on 3/20/90 at La Palma, California File # PX 58C-PX-41605

by SA [redacted] Date dictated 3/20/90

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[REDACTED]

The examination of LSIA began in March, 1986 as a full scope examination. Toward the end of May, 1986, [REDACTED]

[REDACTED] traveled to Irvine, California to review the work papers and findings of the examination team. Upon conclusion of their review, [REDACTED] were concerned the examiners had not fully analyzed the risk exposure of the problem areas identified. At this time, the FEDERAL HOME LOAN BANK OF SAN FRANCISCO was learning how potentially risky direct investments could be for savings and loan associations. [REDACTED] did not believe the examiners had applied all the necessary examination tests and procedures to satisfy that these assets were safely and soundly originated.

[REDACTED] advised that [REDACTED] disclosed the poor loan underwriting policies of LSIA, but did not analyze the direct investment compliance, junk bond portfolio, and real estate investments to determine whether they were prudent or risky. [REDACTED] insuring additional resources, from inside and outside FEDERAL HOME LOAN BANK OF SAN FRANCISCO, were assigned to the case. Those additional resources include the assignment of [REDACTED]

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[REDACTED] activities conducted in Phoenix, Arizona, as well as outside consultants for junk bonds, real estate appraisers and market evaluation.

On July 3, 1986, [REDACTED] traveled to Irvine, California to meet with the management of LSIA to discuss their loan underwriting deficiencies. LSIA's management believed this meeting to be the exit conference for the examination. Questions arose during the conference which the examiners were unable to answer, and CHARLES H. KEATING, JR. became verbally abusive with the examiners concerning the length of the examination when he discovered the examination was to continue and the meeting was not to serve as an exit conference. [REDACTED] adjourned the meeting without having an opportunity to address loan underwriting deficiencies with the LSIA management.

After the July 3, 1986 meeting, LSIA management advised the HOME LOAN BANK OF SAN FRANCISCO they must communicate through their legal counsel, who was located in New York City, New York,

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in order to obtain examination information. LSIA also complained to the FEDERAL HOME LOAN BANK BOARD of Washington, D.C. concerning the length of the examination. As a result of LSIA's complaints, a meeting was held near the end of July, 1986 in Washington, D.C., wherein San Francisco District supervision, management of LSIA and [REDACTED] of the Office of Enforcement, discussed the continued flow of information to the San Francisco District in order to conclude the examination. It was determined that an intermediary would be established as a go between with the two organizations. [REDACTED] believed this concession slowed down the progress of the examination, as the examiners were forced to request information by letter every time they wanted to review documentation.

[REDACTED] advised that KEATING's claim that the examination was too lengthy is refuted by the size of LSIA and the complexity of their transactions. The FEDERAL HOME LOAN BANK OF SAN FRANCISCO could not review all of LSIA's direct investments and junk bond transactions between March and July, 1986. KEATING also alleged that the San Francisco District examiners did not know what they were doing in their examination of LSIA. The San Francisco District recognized their staff was not qualified to analyze real estate appraisals, junk bonds and conduct market studies of the Phoenix and Tucson, Arizona areas. Therefore, the San Francisco District retained outside resources to properly evaluate such issues as real estate appraisals, junk bond analysis, accounting issues, and real estate market surveys.

In October, 1986, San Francisco made a conscious decision to close the examination without fully exploring all the desired areas. This decision was made due to the litigious obstacles LSIA had imposed upon the examination staff. San Francisco was of the consensus they had obtained all the information they were going to be allowed to obtain from LSIA. When the FEDERAL HOME LOAN BANK OF SAN FRANCISCO scheduled their exit conference in October, 1986, LSIA sent one employee, [REDACTED] to attend the closing conference wherein all the examination issues were addressed.

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Following the exit conference, LSIA applied to the FEDERAL HOME LOAN BANK OF SAN FRANCISCO for permission to pay a dividend. The San Francisco District declined the request on the basis of capital deficiencies as outlined in their exit conference. CHARLES H. KEATING, JR. became very upset with this declination, and requested a second closing conference, plus an additional meeting to address accounting issues. Therefore, the FEDERAL HOME LOAN BANK OF SAN FRANCISCO scheduled a December, 1986 meeting to address the declination of a LSIA dividend

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Continuation of FD-302 of [REDACTED], On 3/20/90, Page 4

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to its stockholders and a January, 1987 meeting to address examination and accounting issues.

During the January, 1987 meeting, LSLA management requested an opportunity to respond to the issues disclosed in the exit conference. The result was a huge documentary response, which the San Francisco District examiners reviewed and incorporated into their Report of Examination and supervisory letter to LSLA in April, 1987. [REDACTED] added that the conclusion of the examination report was delayed primarily due to LSLA restricting the flow of information to the examiners, the additional meetings requested by LSLA's management to address examination issues, and LSLA's response to the pre-report examination findings.

[REDACTED] advised that LSLA's management was apprised of the examination issues prior to the final drafting of the report. Furthermore, LSLA's management was allowed to respond to the issues addressed in the exit conference. Therefore, there were no surprises to LSLA when the Report of Examination was issued. The examination reports are all formatted in the same manner; however, [REDACTED] determine the extent of which individual issues are addressed. The examination staff writes the report; however, supervision reviews the report to ensure all issues are properly addressed and articulated within the report to support any subsequent enforcement action which may be recommended.

The FEDERAL HOME LOAN BANK OF SAN FRANCISCO utilized the outside law firm of PILLSBURY, MADISON AND SUTRO to assist in drafting the Statement of Supervisory Concerns to LSLA.

[REDACTED] advised they went into great detail to ensure all issues were adequately addressed and properly supported. The purpose of utilizing outside counsel in preparing the Statement of Supervisory Concerns was justified in that the entire examination and issues addressed were extremely complex, and the FEDERAL HOME LOAN BANK OF SAN FRANCISCO expected LSLA to litigate any enforcement action recommended.

All the supervisory and general counsel managers of the FEDERAL HOME LOAN BANK OF SAN FRANCISCO, along with their staffs, had the overwhelming consensus enforcement action or an insurance action involving a receivership was warranted in the case of LSLA. [REDACTED] described the LSLA matter as the scariest case she had, as she knew LSLA was not going to continue as a solvent institution, and from all the reports generated by the examination, LSLA was a large time bomb. [REDACTED] believed San Francisco had an excellent case for the appointment of a conservator in a pro active manner on the issue of safety and soundness as the FEDERAL HOME LOAN BANK OF SAN FRANCISCO could not prove LSLA insolvent at that time.

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Continuation of FD-302 of [REDACTED]

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In August, 1986, Washington, D.C. was sent San Francisco District's first draft of the Statement of Supervisory Concerns. The draft copy was forwarded to [REDACTED]

[REDACTED] The findings were discussed on a continual basis with Washington, D.C., who gave San Francisco District the impression they were in agreement that a problem existed at ISLA. Therefore, when the Report of Examination arrived in Washington, D.C. in April, 1987, there were no new issues, and the report contained no surprises.

[REDACTED] advised that Washington, D.C. alone has the authority to act upon a recommendation for enforcement action or an insurance action involving a receiver or conservator. However, San Francisco District could continue to support the issues and assist Washington, D.C. when needed by providing additional examination work or analysis.

[REDACTED] recalls that around May, 1987, the FEDERAL HOME LOAN BANK BOARD was at a standstill [REDACTED]

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[REDACTED] does not recall being advised of the support provided by [REDACTED]

[REDACTED] supporting San Francisco's recommendation for the appointment of a conservator. [REDACTED] did not learn of this Memorandum until 1989, when she was assisting in the preparation for a Congressional Sub Committee hearing involving the ISLA matter.

There was a period of time during 1987 when the FEDERAL HOME LOAN BANK BOARD could not take an insurance action involving appointment of a conservator or a receiver, due to a technical loop hole associated with the Garn-St. Germaine Act dealing with state chartered savings and loan associations. Therefore, the FEDERAL HOME LOAN BANK BOARD would have either been forced to postpone an insurance action until after August, 1987, or proceed with the alternate recommendation of a Cease and Desist Order.

[REDACTED] advised that there was no action which San Francisco District could have taken other than the action recommended. [REDACTED] felt that at a minimum, a Cease and Desist Order was needed, which still required Washington, D.C. to execute. The San Francisco District could have issued directive letters; however, they were not enforceable and would have not been effective against ISLA. Furthermore, a supervisory agreement could have been initiated; however, ISLA would have had to agree upon the terms at a time when they were disagreeing with everything the San Francisco District proposed.

[REDACTED] advised she never felt a adversarial relationship with the individuals within ISLA management, which

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Continuation of FD-302 of [REDACTED], On 3/20/90, Page 6

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she dealt with on a day to day basis. [REDACTED] believes the adversarial relationship was fueled by KEATING and his litigious behavior.

San Francisco District had always experienced problems with Washington, D.C.'s enforcement function, largely due to their slow nature in reacting to case recommendations. However, [REDACTED] believed San Francisco enjoyed a good relationship with Washington, D.C. supervision up to the point where Washington, D.C. began dealing directly with LSIA's management and excluded the San Francisco District from participating in said meetings.

[REDACTED] was aware of allegations concerning the leaking of confidential information concerning the LSIA examination; however, none of the allegations were supported by the conclusions of investigations conducted by the INSPECTOR GENERAL'S OFFICE, the FEDERAL BUREAU OF INVESTIGATION, or the law firm of PILLSBURY, MADISON AND SUTRO.

With regard to [REDACTED] allegations that the San Francisco District's examination was "woefully inadequate" and lacking sufficient evidence, [REDACTED] contends the San Francisco examination findings were well supported and loaded with details to satisfy Washington, D.C. [REDACTED] added that the San Francisco District provided exactly what was required to establish "adequate legal basis" to proceed with their recommendations of a conservatorship. This consensus was supported by San Francisco District's internal legal staff, as well as an outside law firm experienced in such matters.

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In August, 1987, LSIA provided a response to the Report of Examination, which attempted to dispute every issue within the report. San Francisco District reviewed LSIA's response, and requested a field visit to resolve those issues which LSIA made a compelling argument. San Francisco District drafted a scope statement which was very specific in limiting the nature of the examination. [REDACTED] of the San Francisco District telephonically contacted LSIA [REDACTED] regarding the proposed field visit, and [REDACTED] responded by stating the San Francisco District would not be allowed into the association without a Court Order. San Francisco District was subsequently notified by Washington, D.C. that they would not attempt to conduct the proposed examination. [REDACTED] advised that San Francisco discovered LSIA had appealed to Washington, D.C., and Washington, D.C. agreed to conduct an evaluation of San Francisco's recommendations. [REDACTED] Office of Regulatory Action (ORA) decided [REDACTED] and [REDACTED] (phonetic) would evaluate San Francisco's examination report and their subsequent recommendations to determine their merit. In October, 1987, a meeting was conducted in Washington, D.C. attended by [REDACTED]

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Continuation of FD-302 of [redacted]

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[redacted] (phonetic), representation from Washington, D.C.'s Office of Enforcement and Office of General Counsel, [redacted]

[redacted] attended. The meeting disclosed that [redacted] basically supported San Francisco's examination findings and recommendations. During the meeting, San Francisco reiterated their recommendation for receivership with an alternate Cease and Desist Order. The meeting adjourned for lunch, and [redacted] never returned to the meeting, leaving the issue in an unresolved status.

[redacted] advised that [redacted] then met with management of ISLA, and advised them of Washington, D.C.'s support for San Francisco's findings and recommendation of enforcement action. [redacted] of ISLA, advised [redacted] ISLA would agree to nothing concerning San Francisco's recommendations.

Near the end of October, 1987 or early November, 1987, Washington, D.C.'s Office of Enforcement agreed to draft a Cease and Desist Order concerning ISLA. San Francisco District had forwarded a recommendation for the Cease and Assist Order content to Office of Enforcement; however, Washington, D.C. did not like the recommendation as they believed it to be lengthy and too strict. [redacted] advised San Francisco District argued their position, but later discovered ISLA had forwarded their proposed draft for a Memorandum of understanding which Washington, D.C. was also considering.

At this time, ISLA had hired [redacted] [redacted] advised the San Francisco District he did not want to proceed with any action as the Cease and Desist Order until San Francisco District had an opportunity to meet with [redacted]. In December, 1987, San Francisco supervision met with [redacted] who advised he would be running the institution, and did not want to deal with issues of the 1986 exam as CHARLES H. KEATING, JR. was battling these issues. [redacted] followed his meeting by sending a letter of intent to San Francisco supervision, which was nothing more than the proposed Memorandum of understanding submitted to Washington, D.C. supervision in November, 1987.

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At this time of late December, 1987, early January, 1988, San Francisco District discovered ISLA was violating numerous affiliated transaction regulations. In a reaction to this discovery, San Francisco District sent a Memorandum to Washington, D.C. in January, 1988, indicating ISLA required supervision immediately as they were continually violating regulations and appeared to have no desire to return to traditional thrift activities as indicated by [redacted]

[redacted] advised San Francisco felt their authority had essentially been removed concerning ISLA in September, 1987,

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Continuation of FD-302 of [REDACTED]

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when they were instructed not to conduct any further examination, and Washington, D.C. supervision began to conduct all the meetings with LSIA to the exclusion of the San Francisco District. However, after San Francisco District forwarded their Memorandum recommending immediate action in January, 1988, [REDACTED] felt the San Francisco District was no longer in supervision of LSIA.

Throughout the remainder of early, 1988, San Francisco was not kept abreast of the FEDERAL HOME LOAN BANK BOARD's dealings with LSIA, other than the Enforcement Review Committee's hearings. It was determined by the Enforcement Review Committee LSIA would be supervised from the Washington, D.C. office, and a new examination would be conducted without the assistance of the San Francisco District.

[REDACTED] advised San Francisco District could not believe or understand what was going on at this time, other than that Washington, D.C. would clearly not support San Francisco's recommendations, and appeared to buy off on LSIA's smoke screen tactics. An additional oddity was that Washington, D.C. personnel [REDACTED] placed written communications into the file of LSIA on several occasions indicating the institution was operated in an unsafe and unsound manner as the San Francisco District alleged.

When the 1988 examination of LSIA began, San Francisco District learned the examiners would not be allowed to review San Francisco District's 1986 report of examination or the work papers and could have no contact with San Francisco examination or supervisory personnel. [REDACTED]

[REDACTED] contacted [REDACTED]

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[REDACTED] believes the 1988 examination was eventually saved by the efforts of [REDACTED] (phonetic), of the Chicago District, who conducted the examination of the holding company, AMERICAN CONTINENTAL CORPORATION, and disclosed numerous irregularities. Furthermore, [REDACTED] with the CSDSLA, was the acting examiner in charge of the concurrent state examination, whose examiners came behind the federal examination team and disclosed numerous oversights for which they immediately made public.

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[REDACTED] advised she was never approached by any individual in an attempt to influence her actions with regard to supervising LSIA. However, [REDACTED] was aware LSIA always had

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politically connected individuals associated with the company. Furthermore, political intervention was not uncommon in the case of ISLA as indicated by a letter received from a New York congressman in September or October, 1986 questioning San Francisco's classification of a loan on a property in New York. Other inquiry letters were received from congressmen such as Arizona Senator DENNIS DECONCINI, as well as the incident where five U. S. senators requested to meet with San Francisco supervisory personnel and FEDERAL HOME LOAN BANK BOARD [REDACTED] [REDACTED] advised [REDACTED] of the CSDSLA, had informed her ISLA placed pressure upon the state examination process as well. There were also incidents wherein [REDACTED] [REDACTED] examiner in charge of the 1986 ISLA examination, was hired by the association after the conclusion of the examination, as well as their alleged job offer to former FEDERAL HOME LOAN BANK OF SAN FRANCISCO Analyst [REDACTED]

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/24/90

[redacted] FEDERAL HOME LOAN BANK
OF SEATTLE, 1501 Fourth Avenue, Seattle, Washington 98101-1693,
telephone number [redacted] residence [redacted]
[redacted] Mercer Island, Washington 98040, telephone number
[redacted] provided the following information:

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[redacted] said [redacted]
[redacted] was aware of LINCOLN SAVINGS AND LOAN
ASSOCIATION (LSL) before CHARLES KEATING purchased the thrift.
[redacted]

[redacted] said that he became involved in the
jurisdictional transfer of LSL from the 11th District, San
Francisco, to the Seattle District in the early part of 1988.
[redacted] could not recall the exact date.

[redacted] said that the meeting the occurred between
representatives of the Seattle District and representatives of
LSL was initiated by a telephone call from [redacted] of the
FEDERAL HOME LOAN BANK BOARD (FHLBB) and [redacted] of the
Seattle District. [redacted] was informed by [redacted] that LSL
was interested in acquiring a failed thrift in the Seattle
District and ultimately transferring regulatory supervision to
Seattle.

[redacted] could not recall the date of the meeting with
representatives of LSL; however, he recalls those individuals
present. [redacted] said that KEATING, [redacted]
[redacted] and [redacted] were present and represented LSL.
[redacted] said that the Seattle representatives were himself, [redacted]
[redacted]

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[redacted] said the meeting was conducted in the Seattle
Bank Board Room and that CHARLES KEATING conducted the meeting.
KEATING said he had been treated unfairly by the San Francisco
District and wanted to transfer to Seattle. KEATING said that he
had spent approximately \$35 million fighting the regulators.
[redacted] further said that KEATING was asked why if he had spent
such an amount fighting the regulators, would the 11th District
want to assume supervisory responsibility. [redacted] said he
could not recall a response to this question by KEATING.

Investigation on 4/17/90; 4/19/90 at Seattle, Washington File # PX 58C-41605

by SA [redacted] /kf Date dictated 4/20/90

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Continuation of FD-302 of [REDACTED]

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[REDACTED] said that by the time the meeting occurred between KEATING, his associates and representatives of the Seattle District, the District had the opportunity to review the 11th District's examination report and perhaps some documents supplied by LSL. [REDACTED] said as a result, the Seattle District was aware that LSL was not in a financial position to take over a large savings and loan, but possibly could acquire a small failed thrift in Oregon. KEATING, when informed that his thrift could acquire a small institution, immediately wanted to write out a check without any due diligence on his part.

[REDACTED] said that this further alerted him to fact that KEATING was not the type of thrift operator that the 11th District wanted to supervise.

[REDACTED] said that after the meeting a memorandum was prepared to [REDACTED] which stated that the 11th District would oppose the transfer of supervision of LSL to the 11th District. [REDACTED] said he recalled some of the items cited in this memorandum as the bad financial condition of LSL and the 11th District even recommended a Cease and Desist Order be issued immediately. [REDACTED] further alluded to the meeting that he had had with KEATING, identifying KEATING's attitude as a "take a risk, big gambler" and the fact that he (KEATING) had stated he had spent millions of dollars fighting the thrift regulators.

[REDACTED] said that it was the sense after the meeting with KEATING that he was too extravagant for a regulated industry and he was also aware of the exorbitant salaries that were being paid to KEATING employees.

[REDACTED] said that essentially after the meeting with KEATING and the memorandum to [REDACTED] he became a spectator and followed the events relating to LSL.

[REDACTED] said he was aware of the meetings held by the Enforcement Review Committed (ERC) concerning the transfer of supervisory authority from San Francisco. [REDACTED] said that his recollection is that the committee consisted of [REDACTED]

[REDACTED] said that the ERC ultimately made three recommendations to the board concerning LSL which were 1) leave supervision with the 11th District; 2) transfer supervisory authority to D.C.; and 3) issue an enforcement order right away.

[REDACTED] said that in July, 1987, stating the dates were July 21 - 31, 1987, he attended a meeting where all of the presidents of the FEDERAL HOME LOAN BANKS were present.

[REDACTED] said that he believes this meeting was during the period of July 21 - 31, 1987. [REDACTED] said on the last day of

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Continuation of FD-302 of [REDACTED]

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the meeting, [REDACTED] informed him of a conversation that he [REDACTED] had had with [REDACTED] a member of the FHLBB. [REDACTED] told him that [REDACTED] had said that KEATING had supplied him [REDACTED] a file which contained damaging information concerning the 11th District. [REDACTED] said it was clear that [REDACTED] was not aware what was in the file because [REDACTED] did not know whether the information concerned him personally or personnel of the 11th District. [REDACTED] does recall that [REDACTED] told him that [REDACTED] said if the 11th District continued its pursuit of LSL and wound up in court, the information would be damaging to [REDACTED] and the 11th District. [REDACTED] said that [REDACTED] believed that this information was primarily about him. [REDACTED] could not show the file to [REDACTED] because [REDACTED] believes [REDACTED] had returned the file to KEATING by the time he confronted [REDACTED] with its contents. [REDACTED] said he does not know why [REDACTED] would not disclose the contents of the file to [REDACTED] but he is absolutely sure that [REDACTED] did not know its contents.

[REDACTED] said that after the FHLBB made its decision concerning supervision of LSL, he learned that [REDACTED] of the Seattle District [REDACTED] was not pleased to learn this because of the work load of the Seattle District, but consented because he wanted to be cooperative. [REDACTED] said that [REDACTED] never briefed him concerning the new exam. [REDACTED] said that he did not want to be involved in the exam process. [REDACTED] stated that the national exam seemed to take an inordinate amount of time, but does not know the reason why. [REDACTED] said it was his opinion that KEATING wanted the transfer of supervisory authority to enable him to "buy time" which would enable him to solve his dilemma and to "pull this thing off."

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[REDACTED] said that only contact he had with KEATING was the one meeting in Seattle and he had no additional contacts personally or by telephone with KEATING or his associates.

[REDACTED] said that [REDACTED] was transferred to Washington, D.C. within two weeks or a month after [REDACTED] does not know why [REDACTED] Regulatory Activities; however, [REDACTED] both worked together in the Office of the Controller of the Currency and [REDACTED] said the discussion he had with [REDACTED] concerning the transfer primarily concerned the pros and cons in moving to D.C. as opposed to remaining in Seattle, Washington.

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Continuation of FD-302 of [redacted]

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[redacted] said he was not aware of the [redacted] memorandum that was dated in July of 1987 which supported the 11th District's position concerning ISL. [redacted] said that however he believed [redacted] to be ineffective and assumed this is why [redacted] replaced [redacted]. [redacted] said that he believes [redacted] had the same opinion of [redacted] and on one occasion, after [redacted] assumed [redacted] position, [redacted] asked him why he did not get rid of [redacted]. [redacted] replied to this by saying, [redacted] won't let me." [redacted] said that [redacted] finally left the FHLBB after his contract expired.

[redacted] reiterated the fact that [redacted] never discussed the national exam of ISL and he never had any discussions with [redacted] regarding the examination, ISL or KEATING.

[redacted] said he received no contacts personal or by telephone from any political figure regarding ISL. CHARLES KEATING, his associates or subsidiaries. [redacted] strictly characterized himself as a "spectator" to the process.

On February 19, 1990, [redacted] was asked if he recalled during the February, 1988 meeting with KEATING saying anything about [redacted]. [redacted] said he recalled that KEATING told the group that he "got [redacted] appointed to the bank board." [redacted] could not provide any additional information surrounding the utterance of the statement and could only recall that the statement came during KEATING's conversations in regards to his fight with the regulators. [redacted] further stated there were no notes or minutes taken of this meeting.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/30/90

[redacted] Federal
Home Loan Bank of Seattle, 1501 4th Avenue, Seattle, Washington,
98101-1693, telephone number [redacted] residence [redacted]
[redacted] Mercer Island, Washington, 98040,
telephone number [redacted] provided the following
information:

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b7C[redacted] said [redacted]
[redacted]

[redacted] said on February 19, 1988, she met KEATING in
Seattle. This meeting was held in the Seattle Bank Board room
and those present representing the Seattle District were [redacted]
[redacted]

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[redacted] said those present
representing LSL were CHARLES KEATING, [redacted]
[redacted] and a financial analyst
whose identity [redacted] cannot recall.

The purpose of this meeting was to discuss the transfer
of LSL from the supervision of the San Francisco District to
Seattle. [redacted] said [redacted] initiated and attempted to control
the meeting on behalf of LSL, however, KEATING soon dominated
this meeting. [redacted] said apparently KEATING and the others
were under the impression that the transfer of LSL from the San
Francisco supervision had been approved. [redacted] said in fact
[redacted] was the individual who initiated the idea of coming to
Seattle to discuss this transfer of supervision and to discuss
the acquisition of thrift within the Seattle District's area of
supervision.

[redacted] said after KEATING took over the meeting from
[redacted] he told the assembled group he had taken over a
floundering S&L, and through his direction it had become a
successful thrift which in turn created numerous jobs in Arizona.
KEATING said the San Francisco examiners were arbitrary and
capricious and had treated LSL unfairly. KEATING said, in fact,
he would not allow any of his employees to meet with them and he

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Continuation of FD-302 of [REDACTED]

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also refused to meet with them. KEATING specifically eluded to appraisals conducted by the San Francisco district that were inaccurate. EATING also stated he had political influence and referred specifically to land in Louisiana where he uses influence to have the direction of a freeway changed to come through his property which obviously increased its value.

[REDACTED] said she believes it became obvious to those individuals from LSL that the transfer from San Francisco to Seattle was approved as they thought. [REDACTED] said KEATING and his entourage were being questioned by various members of the Seattle group because they want to make it clear that the supervision of LSL would not be any different than that of the Eleventh District. [REDACTED] said this meant the enforcement of the regulations would be as vigorous as they had been in San Francisco. During this questioning by the various members of Seattle, KEATING admitted he was not the director of LSL.

[REDACTED] was the Seattle member that was asking specific questions concerning KEATING's relation to LSL. In KEATING's response, he explained he was not the director of LSL, he said "he did not want to go to jail". [REDACTED] then asked KEATING why he responded with this answer saying, "Is there something that could cause you to go to jail?" [REDACTED] said KEATING did not audibly respond to this statement and then [REDACTED] tried to take the lead for KEATING.

A discussion after this then centered on identifying a problem thrift in Oregon which LSL could qualify as the buyer. [REDACTED] does not recall the name of the Oregon thrift that was being considered, however, the cost was approximately \$10 million. KEATING asked [REDACTED] how much it would cost to purchase this thrift and [REDACTED] responded approximately \$800,000. KEATING then said there was no need for due diligence and said he would write out a check that day for the thrift. KEATING said he wanted to move out of the Eleventh District and would purchase the Oregon thrift to accomplish this.

[REDACTED] then said there was discussion concerning purchase of a thrift in Utah, and KEATING indicated he would fly in for board meetings and then fly back to Arizona. KEATING in fact made it clear that he did not intend to leave Arizona as the location of his main business interest.

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[REDACTED] said that during the meeting KEATING indicated he spent approximately \$50 million to defend his position with the San Francisco regulators. [REDACTED] said the position of the Eleventh District was they did not want to have KEATING as their "headache" and if the transfer was accomplished it would send a bad signal to the rest of the industries that thrift offers could "shop for their regulators".

[REDACTED] said she recalls that initially in the meeting KEATING became very emotional and appeared to have great acting ability when he started describing his whole life story. KEATING said he started out from a poor background and through the years had obtained a position of power. [REDACTED] said this was when KEATING eluded to his political influence and specifically to his ability to get a highway's direction changed in order for it to go through his property in Louisiana. [REDACTED] said she believes this was an effort to intimidate the representatives of the Seattle District. [REDACTED] again stated it was obvious upon KEATING's arrival at the meeting that he thought the decision to transfer supervision from San Francisco to Seattle had been approved and he was there merely to facilitate this transfer.

[REDACTED] said [REDACTED] later in a telephone call said she believed the Seattle regulators had treated KEATING poorly in the fact that they appeared to be interviewing him, and that was not the intent of the meeting. [REDACTED] said in fact the decision for the transfer had been made in Washington, D.C., she could not understand the manner of questioning in Seattle. [REDACTED] said she believes this telephone call was from [REDACTED] on February 20th or 21st. [REDACTED] said she responded to [REDACTED] by saying [REDACTED]

[REDACTED] would examine the facts and make her recommendation to [REDACTED] [REDACTED] also believes that in this conversation, [REDACTED] was calling to determine [REDACTED] impression of KEATING and the meeting. [REDACTED] gave the impression she had a working relationship with [REDACTED] and, after this telephone call, all of the telephone calls regarding the transfer of LSL were from [REDACTED]

[REDACTED] said when she spoke with [REDACTED] she just informed him of the Seattle position which was reflected in two memoranda dated March 10 and 11, 1988, and are attached to this report. [REDACTED] said essentially the Seattle District agreed with the San Francisco findings. [REDACTED] only recalls that [REDACTED] told her to keep an open mind.

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[REDACTED] said the only other involvement with LSL with the Twelfth District was when [REDACTED] who was designated to be the examiner in charge of the national exam. [REDACTED] said she heard numerous rumors, but received no additional information regarding LSL and CHARLES KEATING.

[REDACTED] said her new work address will be [REDACTED]
[REDACTED]

On April 25, 1990, [REDACTED] was contacted and asked if she recalled CHARLES KEATING mentioning [REDACTED] during the February 18th meeting. [REDACTED] said she recalled KEATING said he was involved in getting [REDACTED] appointed as a member of the Federal Home Loan Bank Board. however, she could not recall the details of the statement. [REDACTED] recalled the statement was made during the discussion concerning KEATING's dislike for the direct investment regulation, but could not recall any additional details. [REDACTED] said she kept no notes or minutes of this meeting and prior to her testimony before the House Banking Committee, she searched for notes and/or minutes and determined there were none.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/2/90

[redacted]
[redacted] Seattle, Washington 98101, telephone number [redacted]
residence [redacted] Mercer Island, Washington 98040,
telephone number [redacted] provided the following
information:

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[redacted] said that in 1988, [redacted]
[redacted] the FEDERAL HOME LOAN BANK (FHLB) OF
SEATTLE. He held this position [redacted]

[redacted] said that he attended a meeting in February of
1988 at the FHLB Office in Seattle. This meeting was held in the
bank's board room. [redacted] said that the attendees from the FHLB
OF SEATTLE were himself, [redacted]

[redacted] said the
attendees representing LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL)
were CHARLES KEATING, [redacted]

[redacted] recalls [redacted] as being
continuously referred to by KEATING as "Outside Auditor." [redacted]
said there was an additional male individual whom he recalls as
being "a finance guy," but could not recall his name.

[redacted] said that the reason for this meeting was to
discuss the possible transfer of supervision of LSL from the San
Francisco District to Seattle. [redacted] said it was clear from the
inception of this meeting that KEATING was under the assumption
that the transfer was approved and he was there solely to
facilitate the transfer to the 12th District. [redacted] said, in
fact, KEATING gave the impression that the 12th District had no
authority to deny this transfer. [redacted] described KEATING's
attitude as that of a "person buying a car." KEATING appeared to
come to Seattle only for the purpose of purchasing a failed
thrift which enabled supervision to be transferred to Seattle.

[redacted] said that he recalls that no one, in reference
to the FEDERAL HOME LOAN BANK BOARD, had informed the 12th
District that KEATING was a "renegade thrift operator." [redacted]
knew nothing of his reputation and all that was available for him
to review were financials on LSL.

[redacted] said it was quick to determine the flavor of
CHARLES KEATING in that it appeared LSL was out of "sync" with

Investigation on 4/18/90 at Seattle, Washington File # PX 58C-41605

by SA [redacted] /kf Date dictated 4/27/90

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Continuation of FD-302 of [REDACTED]

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the regulators. [REDACTED] said that he recalls that [REDACTED] received information from the San Francisco District concerning LSL when they (11th District) learned that LSL was to be transferred to Seattle. [REDACTED] said, however, he does not recall reviewing this data.

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[REDACTED] said that [REDACTED] started the meeting by identifying those participants from LSL and stated why they were in Seattle and what type of thrift KEATING wanted to purchase. KEATING soon took over the meeting and responded to questions that were posed from the various members of the Seattle District. KEATING, in fact, did not allow [REDACTED] to talk. KEATING started to explain that he was an unconventional thrift operator and explained how he ran his business. KEATING said he purchased LSL in California as a failed thrift. He stated that he wanted to take advantage of the broad California regulations regarding thrift operation and this was the reason for his purchase of LSL. KEATING said he never intended to make home loans because after he bought the thrift in 1984, he soon realized that GREAT WESTERN had the real estate brokers "locked up." KEATING said that he, instead invested in junk bonds and made direct investments. KEATING said that all of his business interests are in Phoenix and although the exam is conducted in California, nothing is there to be reviewed and this is why he wanted to move from the 11th District's supervision. KEATING admitted that he originally told San Francisco regulators that home loans were to be continued however after he determined that he could not make money because of GREAT WESTERN, he then changed his business tactics.

KEATING was asked why [REDACTED] was not at this meeting since he was going to be the new president of LSL and KEATING responded by saying that [REDACTED] was only going to run the thrift and did not fully understand all of KEATING's business interests. KEATING said [REDACTED] had only recently been hired.

[REDACTED] said that during this initial discussion, it became clear that KEATING was not on the board of directors of LSL and [REDACTED] asked KEATING why he was not. KEATING said, "I don't trust regulators and I don't want to go to jail." [REDACTED] said KEATING made this statement in the context of discussing the fact that the regulators did not understand his business style and had changed the rules and KEATING, in fact, had spent \$50 million fighting the regulators. [REDACTED] said that when KEATING said he had spent this amount of money fighting the regulators, [REDACTED] believes that KEATING had in mind the hiring of lawyers, accountants, lobbyists and public relations people.

KEATING, from his demeanor in this meeting, left the impression that he was on a "mission" and the government was

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On 4/18/90

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"picking on him and would frame him." [REDACTED] said that KEATING gave the impression that he was a crook and, in fact, if KEATING was not, he would not have responded the way he did at the meeting.

[REDACTED] said that KEATING, in fact, during this soliloquy, explained that he came from a poor family and he had worked himself into a position of responsibility and influence. KEATING said that he was personal friends with the leaders of this nation and, in fact, mentioned MOTHER TERESA as an individual he was acquainted with. KEATING said that the regulators could not understand this success. [REDACTED] said that KEATING alluded to land that he owned in Louisiana to show the extent of his influence. KEATING said that this land increased in value when he (KEATING) arranged to have a highway's or interstate's direction changed to go through his property. KEATING said that he could, in fact, "marshal such influence and the regulators were small minded examiners and did not like the fact that he knew all of these people and could 'pull strings.'"

[REDACTED] said that KEATING also stated that he had "gotten [REDACTED] appointed to the FHLBB in order that the rules could be changed." [REDACTED] said that KEATING made this statement concerning [REDACTED] in the context that when KEATING discovered that LSL could not make any money making home loans, he arranged for the appointment of [REDACTED] to the board. KEATING said that he did everything he could to get him appointed to the board because [REDACTED] understood his business tactics and would help him. KEATING said he met [REDACTED] through some high administration official, but [REDACTED] could not recall the identity of the person to whom KEATING referred. KEATING said that [REDACTED] felt the same way about the thrift industry as did KEATING. KEATING, in fact, reiterated the statement that, "I got [REDACTED] in."

[REDACTED] said it was at this time that [REDACTED] again attempted to assert herself at the meeting, trying to get KEATING to stop answering questions, but she could not gain control of the meeting because of KEATING's dominance. After the meeting terminated with representatives of LSL, [REDACTED] told [REDACTED] that she had [REDACTED] home telephone number and said that she worked very close with him because they were close to reaching an agreement on a Memorandum of Understanding. [REDACTED] said that [REDACTED] seemed to want to go out of her way to let him know that she had close contacts in Washington, D.C. [REDACTED] in fact, upon her return either to Phoenix or Washington, D.C., called the 12th District and a conference call occurred between himself, [REDACTED]. During this telephone call, [REDACTED] said that she had just talked to [REDACTED] and asked if they could get back to him soon so they could "get this going."

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[REDACTED] said that immediately after the meeting with KEATING and his entourage concluded, members of the Seattle District held a meeting among themselves and then placed a call to [REDACTED]. The individuals involved in this conference call were himself, [REDACTED]. They called [REDACTED] immediately after the meeting because he had instructed them to do so. [REDACTED] said, in fact, the meeting with the 12th District and the KEATING representatives had been arranged by [REDACTED]. [REDACTED] said that they all agreed that KEATING was a "renegade" and they informed [REDACTED] of this fact. They all agreed that they did not want KEATING in the 12th District. They further told [REDACTED] that the only thrift that KEATING could qualify to purchase was PEOPLES SAVINGS in Le Grand, Oregon. They informed [REDACTED] that when they told KEATING that his headquarters would have to be in Oregon, KEATING responded by saying, "Don't you have something in Utah." [REDACTED] was informed that KEATING said he would fly to the board meetings and then return to Phoenix. [REDACTED] was further informed that KEATING offered to immediately buy the PEOPLES SAVINGS without conducting any due diligence. [REDACTED] said the [REDACTED] just continually kept saying to, "keep an open mind on this."

[REDACTED] said it was obvious to him that KEATING was a major risk to the insurance system, yet no one was attempting to slow him down in Washington, D.C. [REDACTED] said that after the telephone call with [REDACTED] that followed the meeting with KEATING, he [REDACTED] sent the conditions under which KEATING would operate a thrift to Seattle for review. [REDACTED] in fact, indicated that the bank board still had the authority to move the supervision of ISL to Seattle without concurrence of the Seattle District. [REDACTED] said that these conditions that KEATING had given to [REDACTED] were as follows:

1) that ISL could keep their direct investments that were currently on the books.

2) that ISL could additionally make other direct investments until told to stop by the regulators.

KEATING explained this as direct investments that had already been planned prior to the examination. [REDACTED] believes this point was later referred to as the "grandfather issue." [REDACTED] said that the 12th District's response to this was a supervisory agreement that absolutely would not contain any of the above issues set forth by KEATING. The supervisory agreement that would be required by the 12 District would have ISL start a self-liquidating procedure and then work with the remaining assets. [REDACTED] said this in effect ended the effort of the FHLBB

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to transfer supervision of ISL to Seattle. _____ said that he believes _____ knew he would have to force _____ to accept supervision where _____ had hoped that the 12th District would agree willingly.

_____ said that he recalled an additional statement of _____ made during the telephone call after the February meeting in Seattle. _____ said he believes that meeting in Seattle was Thursday or Friday so the telephone call would have been the day after. _____ said that _____ said that she would be talking to _____ over the weekend and she wanted for them _____ to give her their impressions of the meeting. _____ said they gave her the "watered down" version of their opinion of the transfer and KEATING. _____ said she was disappointed in the way the meeting went and asked them to call _____ because he is anxious to get their comments. _____ further stated that KEATING and _____ had been talking and had reached an agreement in principal and were interested in the 12th District's comments. _____ cannot specifically recall if _____ referred to the MOU during this conversation, however, she was informed that KEATING's purchase of a thrift in the 12th District was not feasible.

_____ said after the Enforcement Review Committee in March, 1988, in Washington, D.C., the possibility of ISL transferring to Seattle essentially "died." _____ recalls there were two meetings involving the ERC: one which _____ and San Francisco representatives were present and the second meeting where the 12th District was invited to attend and present their position. _____ said the evolution of these two meetings resulted in the ERC recommending three avenues which later became the "three points" upon which the board members voted regarding ISL.

_____ said that it is difficult for him to explain _____ position as it relates to CHARLES KEATING because on one occasion, _____ told _____ that "he had looked CHARLES KEATING in the eye and said, 'I can trust him.'" _____ said this statement was in response to _____ telling _____ that he (KEATING) is a renegade and doesn't care about the law or regulations and will do anything to get his way. _____ said that _____ is very ambitious and if he could have solved the ISL problem, this would have boosted his career significantly.

_____ said that he did not take any notes and does not believe any other Seattle district representative took notes during the February meeting and there were no minutes of this meeting.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/2/90

[redacted] born [redacted] Assistant District Director, Office of Thrift Supervision, Department of the Treasury, 1501 4th Avenue, Seattle, Washington 98101-1693, telephone number [redacted] residence [redacted] [redacted] Seattle, Washington 98199, telephone number [redacted] provided the following information:

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[redacted] said he became employed by the FEDERAL HOME LOAN BANK, 12th District in Seattle, in August, 1986. His initial assignment was in mergers and acquisitions on the regulatory side of the SEATTLE BANK.

[redacted] said that LINCOLN SAVINGS & LOAN ASSOCIATION and CHARLES H. KEATING came to his attention in February or March, 1988. [redacted] said they had heard from [redacted] that LINCOLN SAVINGS & LOAN (LSL) was attempting to leave the San Francisco District of the FEDERAL HOME LOAN BANK. [redacted] said that LSL was attempting to acquire a failed thrift in the Seattle District.

[redacted] advised that [redacted] of the FEDERAL HOME LOAN BANK BOARD in Washington, D.C., requested that [redacted] be placed in charge of a "national exam team" which was to initiate an examination of LSL. [redacted] said he does not know why he was selected as the examiner in charge; however, [redacted] formerly was employed by the SEATTLE BANK and in fact had recruited [redacted] for his employment with the FEDERAL HOME LOAN BANK OF SEATTLE.

[redacted] said that in June or July, 1988, he flew to Phoenix, Arizona, where he attended a "dog and pony show" that was put on by officials of LSL. [redacted] stated that he was the overall examiner in charge (EIC) and other examiners in charge of specific areas of the examination were [redacted]

[redacted] The above individuals attended this "dog and pony show" along with [redacted] [redacted] from the FEDERAL HOME LOAN BANK BOARD. [redacted] said in addition to the above individuals, there were representatives from the CALIFORNIA DEPARTMENT OF SAVINGS & LOAN.

[redacted] said this meeting was unusual in that LSL gave the presentation regarding how LSL was operated and its business

Investigation on 4/17/90 at Seattle, Washington File # PX 58C-PX-41605

by SA [redacted]/dpt Date dictated 4/27/90

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Continuation of FD-302 of [REDACTED]

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philosophy. [REDACTED] said he does not recall any discussion with anyone at the FEDERAL HOME LOAN BANK prior to the initial meeting in June or July, 1988, in Phoenix, Arizona.

[REDACTED] said that CHARLES KEATING conducted the "dog and pony show" and all of the LSL management team was present. He cannot recall the identity of those present; however, it did include CHARLES KEATING, III, and appraisal people. [REDACTED] believes this "dog and pony show" was mainly to impress the examiners in charge in an effort to convince them that LSL was well run by highly educated people. [REDACTED] further stated that the "dog and pony show" was an effort to intimidate the examiners in charge. [REDACTED] said each department head gave a brief synopsis of his department and how it was operated. They further stated how they interacted with their employees as well as their business philosophy. CHARLES KEATING, III, introduced each department head individually and gave a brief background of their education which included their university and their grade point average. [REDACTED] said this was an attempt to show that the thrift was run by highly educated people and again an effort to intimidate the EICs by explaining the educational background of the department heads and their grade point average.

[REDACTED] said that after the "dog and pony show" there was a meeting conducted by [REDACTED] said the officials of the CALIFORNIA DEPARTMENT OF SAVINGS & LOAN agency were not present. [REDACTED] explained to all the examiners in charge about the concerns of LSL over previous exams and how quick LSL was to sue. He discussed the leaks of information coming from the March, 1986, examination and stated that the national exam would focus on safety and soundness of operations rather than regulatory violations. [REDACTED] said, however, regulatory violations should not be ignored but LSL had hired numerous qualified accountants and lawyers to support their position as it related to the regulatory violations alleged in the March, 1986, examination. [REDACTED] said, therefore, the national examination would focus on the safety and soundness of the operation rather than regulatory violations. [REDACTED] said in fact [REDACTED] charged the examiners in charge with examination to determine the current condition of LSL and not rely on the March, 1986, examination. [REDACTED] said that then KEATING could not say that the new exam was flawed due to the reliance on the March, 1986, examination. [REDACTED] further stated he did not want to be in the position to argue regulatory violations, such as arguments that would involve the differences of opinion regarding appraisals. [REDACTED] said that [REDACTED] said that LSL had a history of challenging every violation charged in the March, 1986, examination conducted by the 11th District. [REDACTED] further stressed the need for confidentiality of the new examination and that the examiners were to be

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instructed not to discuss their findings with their respective districts.

[REDACTED] said there were 25 examiners during the process and if necessary would obtain the names and supply these to the Federal Bureau of Investigation (FBI).

[REDACTED] said his responsibilities were basically to coordinate all of the examiners in charge and to also coordinate with the CALIFORNIA DEPARTMENT OF SAVINGS & LOAN. [REDACTED] said he was "the focal point" or person that LSL could go to to discuss problems and issues that arose during the examination. [REDACTED] further stated he was the person who reported to [REDACTED] [REDACTED] said he had little, if any, responsibility on the actual work direction of the examiners in charge because he was informed that they were competent and could handle the supervision of their examiners. [REDACTED] stated that his time was primarily taken up with coordination between [REDACTED] LSL, and his interaction with the CALIFORNIA DEPARTMENT OF SAVINGS & LOAN.

[REDACTED] said he conducted a meeting where the examiners were briefed and this was the first meeting where all the examiners had gathered for the national exam. [REDACTED] told the examiners that if they had a preconceived notion as to how the exam should be conducted, then they should return home. [REDACTED] said the conclusion had to be fair and based on fact. [REDACTED] further told the examiners that they should not have any contact with their districts concerning the exam findings. [REDACTED] further said if they received a job offer from LSL they were to immediately report this to him. [REDACTED] further told the examiners to report directly to their respective examiners in charge and the rest of this meeting concerned per diem and lodging in the Phoenix area. [REDACTED] said he did not receive a job offer from KEATING.

[REDACTED] said the exam started in July, 1988, and it started with examination of the thrift (LSL). AMERICAN CONTINENTAL CORPORATION (ACC) examination started in August, 1988. [REDACTED] said to his knowledge no "scope letter" was sent or if the letter was sent, it would have been sent from the 12th District requesting general information of LSL.

[REDACTED] was asked if in his opinion he thought the national examination was controlled and he responded by saying that it was controlled in the terms of information flow from LSL managers. [REDACTED] said this control of information flow was through [REDACTED] Every document had to be reviewed prior to it being given to the examiners. [REDACTED] said this was not typical and expressed concern as to the accuracy of the information being provided to the examiners.

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[redacted] said the memorandum of understanding (MOU) signed by ISL and the FEDERAL HOME LOAN BANK BOARD controlled the number of issues to be examined. [redacted] said that the issues that were not to be "revisited" involved direct investment limitations, the regulatory violation concerning the Hotel Pontchartrain which involved loans to affiliated companies. [redacted] said that when these areas were "revisited" [redacted] said that the MOU prevented this revisitation. They in fact said that the March, 1986, examination covered the Hotel Pontchartrain and that this issue had been covered during the March, 1986, examination. [redacted] said that the examiners looked into this, however, and additional regulatory violations were discovered and in fact the examination started from "day one" regarding the Hotel Pontchartrain and examiners in the national examination agreed with the San Francisco findings. [redacted] said in fact the examiners also agreed with the findings concerning the direct investment limitations and again, [redacted] attempted to not have the examination cover this as it too had been covered in the 1986 examination. [redacted] said there were other areas that had been covered in the MOU that were not to be re-examined; however, he could not recall these issues.

[redacted] said he was aware as the exam progressed that certain examiners were concerned that the national examination was "white-wash" and identified these examiners as [redacted] of the Atlanta Bank District who apparently was concerned with the compensation levels of various ISL and ACC employees. [redacted] said that [redacted] in fact thought the salaries were exorbitant and wanted to put this fact in the examination report. [redacted] explained to [redacted] that [redacted] would decide if the salaries were too high. [redacted] said that [redacted] wanted to put a conclusionary statement in the report concerning the salaries and this became an issue. [redacted] discussed the salary issue with [redacted] and all agreed there were more significant issues than salaries. [redacted] said the final wording in the report addressed the salary issue by saying that the salaries were "above peer group norms." [redacted] said that [redacted] thought that he [redacted] was trying to suppress his findings when in fact he was not. [redacted] was the only examiner who came to him directly with concerns; however, he was aware that other examiners also had similar concerns.

[redacted] an examiner employed by the Seattle District, was concerned that her findings were not being reported accurately and she wrote a memo which set forth her concerns. [redacted] could not provide a copy of this memo; however, he stated it would be in the "administrative section" of the work papers of the report. [redacted] said he recalls that the memo contained concerns which arose from the fact that [redacted] was

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[redacted] not concerned with regulatory violations. [redacted] in her memo, said that [redacted] was evaluating the assets without any focus on the appraisals. [redacted] was concerned with this issue. [redacted] said he relayed her concerns to [redacted] as well as [redacted]. [redacted] said that he now recalled that perhaps [redacted] personally confronted him with this concern; however, he cannot recall the discussion sufficiently to describe it to the FBI.

[redacted] said after he relayed [redacted] concerns to Washington, D.C., there was no change. [redacted] said that apparently the initial reason for the examination, the "focus on safety and soundness," was the issue and not appraisal methodology. [redacted] also had been repeatedly told that all the EICs were competent and he saw no reason to take any action concerning [redacted]. [redacted] said he personally believes there was a personality issue between [redacted] because [redacted] thought he was a "poor administrator." [redacted] said because he had been told that all the EICs were extremely competent, he thought it was unnecessary to confront the EICs who were operating within the exam guidelines as set forth by [redacted].

[redacted] said that [redacted] of the Chicago District also voiced concern to [redacted] personally. [redacted] apparently did not believe that [redacted] recognized the problem with the Hotel Pontchartrain. [redacted] had experts assigned who could analyze the affiliated transactions and as a matter of fact, this concern with the affiliated transactions caused the examination of ACC to begin.

[redacted] said that every concern brought to his attention by the examiners was passed on to either [redacted]
[redacted]

[redacted] identified problems of his own which he believes resulted from the fact that he did not get as initially promised experienced examiners. [redacted] said that when he had been informed that he would be the examiner in charge he was told that the national exam team would be comprised of the "best and brightest" of the FEDERAL HOME LOAN BANK system. [redacted] said he received inexperienced examiners which resulted in the allegations of the "white-wash" rumors. [redacted] said that the areas that he first noticed this inadequacy among examination staff was the operations area and the real estate investment area.

After he voiced his concern to Washington, he did receive the accounting people and the affiliated transaction experts which resulted in the examination of the holding company

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(ACC). [REDACTED] said he always had to ask for additional help and he believes there was no conspiracy or "white-wash" because the examination system at this time was over worked. [REDACTED] further stated that the lack of correctly assigned people was not to be blamed on anyone but was a fault of the "over-worked system."

[REDACTED] said, however, there were excellent people and identified these areas as [REDACTED] in the real estate area and [REDACTED] who did the examination of the holding company (ACC).

[REDACTED] said that the examination of ISL lasted from July, 1988, until November, 1988, and ACC was from August, 1988, until November, 1988. Both exams were reopened in February, 1989, due to the findings of the exams.

[REDACTED] said there was an exit conference in November, 1988, which was attended by KEATING and senior managers of ISL and ACC. KEATING said he disagreed with the findings which identified fault in the underwriting process of the real estate investments, the loans, and junk bonds. [REDACTED] said there was over one billion classified as poor underwriting by the examiners. The findings further stated there was significant exposure in the junk bond market transactions and it appeared as if KEATING had in fact acted on insider information in regards to the PLAYTEX and the MEMOREX stock and affiliated transactions. There were significant accounting issues such as what was required for net worth and apparent problems in the piercing of the corporate veil due to the continuous change of board members between ISL and ACC. [REDACTED] said it appeared that KEATING and five people made all of the decisions and then the lawyers and accountants would try to form or mold decisions within the framework of the regulations.

[REDACTED] said that the FEDERAL HOME LOAN BANK BOARD sent a Supervisory Letter with the report examination to ISL. This letter gave specific instructions. There was a realization that ISL would not comply and appeared to be improperly run and the management could not be trusted. As a result, the exam was reopened in February, 1989, which was to determine if ISL had made the necessary corrections per examination report. This examination was essentially a compliance review to determine if the directives issued by the Supervisory Letter had been followed. [REDACTED] said in addition there was a need to obtain more detail on the land transactions that were believed to be "shams." [REDACTED] identified the Hidden Valley land transaction as an example of this concern.

[REDACTED] said he is not aware of CHARLES KEATING's response to the February, 1989, examination start because it is

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his [redacted] understanding that KEATING's response was directed to Washington, D.C.

[redacted] stated that KEATING contacted [redacted] frequently during the examination process. These contacts were primarily philosophical discussions and on occasion there would be discussions concerning specific problems that arose. The conversations with KEATING concerned items under examination. [redacted] could not recall any specific conversation; however, he stated that KEATING's ideas were not consistent with being in the thrift industry. [redacted] said that in fact he told KEATING that he should not be in the thrift business. [redacted] told KEATING that his business philosophy placed too high a risk on the insured deposits.

[redacted] said he did recall one specific meeting with KEATING that concerned the activity of the "Personnel Department." KEATING stated, "We don't have a department." [redacted] was told by KEATING that his managers looked to him personally for personnel hiring rules.

[redacted] stated that the Estrella Project was another topic of discussion; however, he could not recall the specifics. [redacted] said that essentially whatever problem was found by the examiners or operational issues that arose was when KEATING would seek out [redacted] or be at meetings with the examiners.

[redacted] stated that KEATING never suggested that he could get [redacted] removed or threatened him with the loss of his job or any improper pressure because of what the examiners were finding.

[redacted] said that in his opinion the examination of the holding company (ACC) was what actually allowed the government to place ISL into receivership. [redacted] said that the examination of the holding company was his idea and he was surprised when he learned that the San Francisco District had not conducted an examination. [redacted] said that [redacted] was brought in from the Chicago District to run this examination. Upon initiation of the examination of the holding company, KEATING appeared the most vulnerable and his attitude became testy and argumentative. [redacted] said in fact the answers at this time then became harder to get and he cited ESOP as an example of the problems with the holding company. [redacted] said at this time (during examination of the holding company) he was not always in Phoenix so he was unaware of the interaction between KEATING, his associates and the examiners. However, he soon realized that they had turned "nasty and upset" and is unaware of any threats or job offers made to the examiners of the holding company.

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[REDACTED] said that there is one possible activity that was perceived as a threat and this was when [REDACTED] said that the leaks were continuing and implied that [REDACTED] was involved in "the short sale of stock which would personally benefit him." Initially, [REDACTED] would only say that someone within the FEDERAL HOME LOAN banking system was doing this and then later identified [REDACTED]. When [REDACTED] made this statement to [REDACTED] he wrote a memo to [REDACTED] setting forth the allegation. [REDACTED] said he later became tired of hearing these allegations of leaks and said to [REDACTED] if he has any proof, they should bring some charge in court or stop complaining. [REDACTED] stated that in addition to the allegations of leaks and insider trading on the part of the FEDERAL HOME LOAN BANK Board Examiners, KEATING continued to say they were being treated unfairly. [REDACTED] said in fact after the examination of the holding company started, the examiners "had to ask the right question to get the right answer."

[REDACTED] said that he believes there was a resolution of all the problems that arose that were passed onto Washington; however, he believes that there should have been a quicker response.

[REDACTED] identified his chain of command as [REDACTED] and then to [REDACTED] for resolution of any problems.

[REDACTED] is unaware of any involvement on the part of [REDACTED] and her only responsibility was enforcement and cited a review of the San Francisco exam as an example of her responsibility. [REDACTED] said he did not talk to [REDACTED] about the national exam until after it had been concluded. [REDACTED] wanted to know if enforcement could substantiate the particular transactions and if LSL was in violation of the regulations. He could not recall the issue he discussed with her; however, this conversation would have taken place during the second exam which began in February, 1989. He is not aware if [REDACTED] was informed of the findings as the examinations progressed.

[REDACTED] said there were daily meetings with examiners and significant issues were always known to [REDACTED] said these daily meetings were not attended by him every day; however, the only days that he would have missed were the meetings when he was not in Phoenix. From these meetings, he then debriefed [REDACTED] and informed them what conclusions were being drawn and which way the examiners were headed.

[REDACTED] does not recall any issue that arose that required someone of higher authority to resolve in Washington,

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D.C. [REDACTED] said he saw no evidence that KEATING contacted [REDACTED] or anyone else, in order that the examination direction be changed.

[REDACTED] said he never spoke with [REDACTED] about the examination until [REDACTED] was in Washington, D.C., to brief the Bank Board in December, 1988. [REDACTED] said in fact he and [REDACTED] briefed the board members separately concerning the findings of the holding company. [REDACTED] said the board members [REDACTED] said he is unaware of any effort to influence any members of the exam team to write a particular report. [REDACTED] said, however, there is a lot about ISL in general that [REDACTED] is unaware of and specifically alludes to the influence that KEATING may have had with the U. S. Senate.

[REDACTED] stated he knows nothing about [REDACTED] replacement of [REDACTED] and he was not aware of any memo that was authored by [REDACTED] which supported the findings of the 11th District (San Francisco).

[REDACTED] said he had no input into the May, 1988, memorandum of understanding and first read the MOU with the commencement of the exam in July, 1988. [REDACTED] said he is aware that the MOU placed a limited scope on the examination and set a deadline for its completion. [REDACTED] said that he is aware that an MOU has never been used in the Seattle District to the best of his knowledge. [REDACTED] further stated that he is aware that an MOU is normally used with cooperating management and its application is used by the office of the controller of currency. [REDACTED] said in fact he could not recall an MOU being used within the FEDERAL HOME LOAN banking system.

[REDACTED] stated there were unusual occurrences regarding ISL and pointed to the transfer of supervision from San Francisco as an example. [REDACTED] said that ISL was not a typical thrift as found within the industry. [REDACTED] again stated that an MOU was not normally used in the setting in which it was used with ISL. [REDACTED] said in fact that ISL was atypical within the industry but he is unaware of anyone taking any action that was molded or influenced by outside parties. [REDACTED] said the bottom line was that San Francisco was right in their findings; yet there was a need for an unbiased examination and KEATING would not allow the San Francisco people in his thrift which caused the need for the July and August, 1988, examinations of the thrift and the holding company. [REDACTED] said that his problem was that his exam team was composed of "inexperienced kids." [REDACTED] further stated that he had been reluctant to be interviewed because he feared being sued by KEATING.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/11/90

[redacted] Department of Treasury, Office of Thrift Supervision, Seventh District Office, 111 East Wacker Drive, Chicago, Illinois 60601. telephone number [redacted] residence - [redacted] Lombard, Illinois 60148, telephone number [redacted] provided the following information:

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[redacted] said [redacted] the Federal Home Loan Bank of Chicago when he was asked to conduct an examination of the holding company of Lincoln Savings and Loan Association (LSL), AMERICAN CONTINENTAL CORPORATION (ACC).

[redacted] informed [redacted] of this exam. [redacted] said that he had called [redacted] of the Federal Home Loan Bank Board in Washington, D.C., to find out if a holding company exam was to be conducted of ACC. [redacted] said when he had heard about the problems concerning LSL, the idea of conducting an examination of the holding company, entered his mind. He later learned that the thrift examiners conducting the on-site review were also expressing concerns and wanted a holding company examination. [redacted] said that he, however, is not aware of who originated the idea for the holding company examination.

On August 6, 1988, [redacted] travelled to Phoenix, Arizona, to initiate the exam process. He met with [redacted] He was introduced as the [redacted]

On the same date, he attended a meeting where CHARLES KEATING, [redacted] and other high management of ACC were present. KEATING said he was pleased with the way the thrift examination was progressing and praised [redacted] saying that "Things are going well and it's a good process". [redacted] was unaware of KEATING and his reputation and he appeared to be very positive and cooperative upon the initiation of the holding

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by SA [redacted] SW [redacted] Date dictated 5/11/90

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company examination. [REDACTED] said he knew nothing of the issues and was not aware of a Memorandum of Understanding (MOU) that contained perimeters for the thrift examination. [REDACTED] was also not aware that LSL was a troubled institution. [REDACTED] although not aware of the issues, had reason to believe that there may be problems, however, no one had discussed any specific issue or problem concerning LSL, ACC, or KEATING.

[REDACTED] said at the initiation of the examination, all the managers of ACC were positive and cooperative. [REDACTED] concluded that of those that appeared cooperative was the overall [REDACTED] had an upbeat attitude about the exam and when negatives were reported to him, he would seem to take notice. Initially, [REDACTED] had said that KEATING and his employees were "brilliant and the government couldn't go against them". [REDACTED] said that within two weeks after the exam was initiated, negative information started to be developed. [REDACTED] said he recalls the investments in the Memorex/Playtex transactions appeared to be a problem. Initially the management of ACC said they did not trade in stock, but there appeared to be a \$40 million loss and LSL was taking this loss and ACC the profit. [REDACTED] said the major investment of ACC was in the exorbitant salaries being paid to KEATING family members and employees. LSL appeared to be buying back stock when they knew that the market value was declining. [REDACTED] said ACC was pulling in money from sub-debt investors, specifically the California ACC bond purchasers and this seemed to be ACC's principal source of income.

[REDACTED] said on October 19, 1988, an Interim Report was filed. KEATING and [REDACTED] stated that he (KEATING) was not using this money personally. [REDACTED] said also in this Interim Report, there were concerns about insider trading and problems with the PONTCHARTRAIN HOTEL. The loans regarding the hotel seemed to be insider loans. [REDACTED] said, to his knowledge, that the information concerning the hotel was not incorporated in the Thrift Examination Report. [REDACTED] said that [REDACTED] an examiner from the Chicago District was the individual who examined the PONTCHARTRAIN HOTEL. [REDACTED] said later in a discussion with [REDACTED] that [REDACTED] appeared surprised with the receipt of the Interim Report on the holding company.

[REDACTED] said from October 19, 1988, until the conclusion of the holding company examination, CHARLES KEATING and the senior management of ACC became less cooperative. [REDACTED] characterized ACC as a classic case of holding company abuse and every transaction they entered into should not have been done.

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[redacted] stated during this occasion (after the October 19, 1988, Interim Report) KEATING frequently said that a \$2 billion loss would occur if the holding company examination continued.

[redacted] specifically said that he recalls KEATING alluding to the \$2 billion loss figure in November, 1988, during a board meeting, which [redacted] said was the second board meeting, which he attended. During this meeting, which was attended by KEATING, "his entourage", and [redacted]

[redacted] were present from the Federal Examiners, California Department of Savings and Loan attendees were [redacted]

[redacted] were also present.

[redacted] informed KEATING that LSL people had lied to [redacted] concerning Playtex/Memorex transactions. KEATING "blew up" and said he would fire anyone who lied to the examiners. KEATING further stated that in accordance with the MOU, the ACC examination could not continue. KEATING specifically said that [redacted] should be reporting to [redacted] and KEATING said he would not continue to respond to any issue raised by [redacted] or his examiners. [redacted] stated from this point on, KEATING would only say that he had made a lot of money, which he had characterized as profit from the transactions. [redacted] said, in fact, any profits made were being diverted from the thrift. [redacted] told KEATING that he had initially asked if trades in any securities were being made and the response from [redacted] was a emphatic no. [redacted] said, however, the examination disclosed that this was not true and when KEATING was informed, he "blew up". [redacted] said that it was during this meeting that KEATING said that if the holding company examination continued, there would be a \$2 billion loss.

[redacted] said after this meeting concluded and the examination continued, the relationship continued to deteriorate and answers to questions became tougher and tougher to obtain.

[redacted] said, in fact, ACC and the managers refused to answer questions. [redacted] said it was during this time in November of 1988 and during their apparent attempts to sell the thrift, which included the sub-debt. [redacted] said he specifically remembers the [redacted] and ROUSSELOT groups were the buyers and they appeared to be "sham deals". However, the exact dates of the board meeting, could not be recalled.

[redacted] said that after the second board meeting in November, 1988, [redacted] asked [redacted] to meet with KEATING personally, however, [redacted] declined. He was later informed by [redacted] that the second board meeting so upset [redacted] that she spent the rest of the day crying. [redacted] said he did not meet with KEATING, because KEATING refused to answer any

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questions and when questions were posed to him, he would start talking about unrelated issues, such as a concert that he was arranging at the Estrella Site and would allude to Mother Teresa. [REDACTED] said that the holding company examination ended in November, 1988, and then was restarted in February, 1989. The second examination was to determine if directives issued from the initial holding company examination had been incorporated into the operation of the thrift and holding company. [REDACTED] said as a result of the negotiation of the February, 1989, examination, he attended a meeting with CHARLES KEATING, where KEATING asked [REDACTED] if the second exam was to "prove me insolvent". This meeting occurred in KEATING's office and [REDACTED] was with [REDACTED]. KEATING further stated, "I am not going to jail", and "here are the keys". KEATING continued to accuse [REDACTED] of being "Nazis" and then started talking about an unrelated meeting with [REDACTED] by calling to [REDACTED] and said "Here are the guys who will cause you to lose your job and you might as well be here". KEATING then started to talk about Mother Teresa.

[REDACTED] said that he also recalls that [REDACTED] was also present during this meeting with KEATING. KEATING said that he was trying to sell the thrift to JOHN ROUSSELOT and if this sale did not go through, this would cause a loss of \$2 billion to the government. KEATING said that he was tired of the thrift business and was getting out. KEATING also referred to the "poor sub-debtholders" who would be the ultimate losers and blamed this \$2 billion on the government, saying that the examination process during the past two years had cost him over \$150 million.

[REDACTED] said that after it "sunk in KEATING's mind" that the purpose of the February, 1989 exam was to not "find him insolvent" his attitude changed immediately and during the next couple of days, KEATING appeared to be more cooperative with the regulators. He told [REDACTED] "Work with me and let's get it sold" (referring to the proposed sell of LSL). KEATING further said, "Maybe I could even work with you", meaning [REDACTED]

[REDACTED] said his last contact with KEATING was on April 13, 1989, when [REDACTED] became concerned with the cash flow leaving ACC. Up until this time, there had been a daily report submitted to him and it suddenly stopped. [REDACTED] said that from review of the records supplied him by ACC, it appeared as if funds were being transferred from the subsidiaries to ACC and the cash was basically "0". [REDACTED] said he went to discuss this issue with [REDACTED] and found [REDACTED] in KEATING's office. KEATING told [REDACTED] that he needed a subpoena to obtain anymore information. [REDACTED] later learned

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that this was the eve of the bankruptcy of ACC. After this point, [REDACTED] had no responsibilities regarding ACC, because the San Francisco Bank District apparently assumed responsibility again for ACC and ISL. [REDACTED] informed representatives of the San Francisco District that he doubted they would find any cooperation between KEATING or his employees.

[REDACTED] said it was his opinion that the Federal Home Loan Bank Board was surprised what was found in the examination of the holding company and the only constraint, however, placed on him by the bank board was a requirement to finish the exam by November, 1988. [REDACTED] said he reported to [REDACTED] and during a November, 1988 meeting, KEATING complained that [REDACTED] was not coming to Phoenix to talk directly to him. [REDACTED] informed [REDACTED] that he "had taken CHARLES KEATING's word", however, but the holding company's examination changed his opinion of KEATING.

[REDACTED] said that he recalls, in the November, 1988, meeting with KEATING when KEATING accused [REDACTED] of being a Nazi and KEATING referred to [REDACTED] KEATING said an "international incident will occur" if ACC and the thrift are taken over by the government.

[REDACTED] said KEATING made this statement when he told [REDACTED] to see if he could get KEATING a meeting with [REDACTED]. [REDACTED] believes that this was an attempt on KEATING's part to show that he had influence and some way to hopefully intimidate [REDACTED]. [REDACTED] further stated that he recalls KEATING alluding to the [REDACTED] sale as a "sham", however, the ROUSSELOT transaction was "real". [REDACTED] recalls that KEATING was saying this to him, because KEATING said he "did not want the regulators to screw it up".

[REDACTED] said he did not receive any telephone calls from anyone concerning the sale of ISL, which would include politicians or bank board staffers or members. [REDACTED] further stated he did not get a job offer from KEATING and is unaware of any of his examiners who received job offers.

[REDACTED] said that he recalled, at a dinner meeting at TOMASO's RESTAURANT in Phoenix on September 6, 1989, which was attended by [REDACTED] where [REDACTED] said that the examiners from the Atlanta District were causing trouble. [REDACTED] gave the impression to [REDACTED] that he was "an investment banker" and treating ACC and ISL as a "client". [REDACTED] said this may be the difference between a thrift examiner and a bank examiner and believes [REDACTED] at one

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Continuation of FD-302 of [REDACTED]

, On 5/1/90

, Page 6

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time, was a bank examiner. [REDACTED] said that [REDACTED] seemed to not have the ability to deal with people of KEATING's nature and acted as an "accountant client".

[REDACTED] said that he attended meetings with [REDACTED] throughout the whole holding company examination and the tenor of his meetings was the fact that ACC was being treated unfair and [REDACTED] essentially was complaining. [REDACTED] said that during the examination, he also had meetings with [REDACTED] where [REDACTED] responded in the same manner as did [REDACTED] in regards to the unfair treatment.

[REDACTED] said that he also recalled, during the second board meeting in November of 1988, where KEATING made a reference to [REDACTED] KEATING said that [REDACTED] was an "instrument of his father's policy". KEATING further said he wanted [REDACTED] off the exam immediately and [REDACTED] recalled a memo being saying that [REDACTED] was off the examination, however, in fact, [REDACTED] continued reporting to [REDACTED]

[REDACTED] said that in November, 1988, he and [REDACTED] presented the findings of the holding company examination to [REDACTED]. The problem they were attempting to highlight to these individuals was that of the sub-debt investors and both [REDACTED] said that the sales should be denied, because ACC was insolvent. [REDACTED] said he further presented the findings to board members [REDACTED] and their staff as well as [REDACTED] who was alone and had no staff member present when he was informed of the findings. [REDACTED] said he was surprised [REDACTED] seemed unconcerned, however, [REDACTED] agreed that the sub-debt sale should be stopped and appeared to grasp the problem. The other board members did not seem to understand the breadth and gravity of the ACC problem.

[REDACTED] said the report was issued in December, 1988, which recommended stopping the sub-debt sales. All loans over \$5 million had to be submitted to Washington, D.C., for approval after this point. The February, 1989, exam was basically a compliance exam and to determine the amount of capital on hand and was not to determine if ACC or the thrift was insolvent.

[REDACTED] stated that during March, 1989, he learned that ALAN CRANSTON, U.S. Senator from California, received a contribution from KEATING in the amount of \$400,000. This contribution was to [REDACTED] for the Center for Participation of Democracy. [REDACTED] said that he recalls seeing a letter from [REDACTED] thanking him for this money.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/14/90

[redacted] Office of Thrift Supervision, Department of Treasury, Seventh District Office, 111 East Wacker Drive, Chicago, Illinois 60601, telephone number [redacted] residence - [redacted] Bartlett, Illinois 60103, telephone number [redacted] provided the following information:

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[redacted] said that he has been an examiner with the Federal Home Loan Board, now the Office of Thrift Supervision [redacted] He is presently [redacted] within the Chicago District. [redacted]

In mid to late August, 1988, he was assigned by [redacted] to go to Phoenix to assist in examination of LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL). The areas that he was to exam were the ESOP Retirement Plan and the HOTEL PONTCHARTRAIN. [redacted] said he also reviewed the repurchase of common stock (treasury stock) of ACC. [redacted] said his entire time was spent with the holding company examination of ACC. [redacted] said, initially, upon arrival, he was assigned as a freelance examiner to the examination team of LSL. [redacted] arrived in Phoenix the same time that [redacted] did, however [redacted] was not [redacted] until later. [redacted] was the [redacted]

[redacted] said he is not aware of how the idea originated to conduct the holding company examination, however, he has heard that the idea originated with various examiners of the Chicago District. [redacted] heard the rumors concerning the allegations of a whitewash and he believes that this is true. [redacted] said he bases his conclusions upon the attitude and atmosphere created by [redacted]

[redacted] the thrift examination and [redacted] who was [redacted] investment portfolio of LSL. These two individuals were not interested in hearing any problems that the examiners found and if problems were discovered by the examiners, they attempted to minimize the problems, rather than to address the problem. [redacted] said the first week that he reviewed the ESOP Retirement Plan, he was overwhelmed by the sheer volume of documents and basically "laid low". At this time, [redacted] said that since he was a "freelance examiner", he reported to [redacted] but in reality, he was unsure to whom he should report.

Investigation on 5/2/90 at Chicago, Illinois File # PX 58C-PX-41605

by SA [redacted] /SW Date dictated 5/10/90

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Continuation of FD-302 of [REDACTED]

On 5/2/90

Page 2

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[REDACTED] said he had a conversation with [REDACTED] an examiner from the Atlanta Bank District and he expressed concerns that indicated he too was believing that the thrift examination was a whitewash. [REDACTED] however, could not recall the specific loans or projects that [REDACTED] was working on. [REDACTED] did, in fact, recall that THE PHOENICIAN HOTEL was one of [REDACTED] concerns and the appraisals and cash flow were part of this problem, but again, could not recall [REDACTED] specific concerns. [REDACTED] said that however, he did recall that [REDACTED] said that the appraisals were inadequate and [REDACTED] in fact, said that none of the appraisers from the State of California, or the Federal Home Loan Bank had the qualifications to adequately appraise THE PHOENICIAN HOTEL or its projected profits. [REDACTED] said this is the area that [REDACTED] seemed to have concern with.

[REDACTED] said there was an examiner from Des Moines, Iowa, who was assigned to the operations side of ISL that expressed general concerns about [REDACTED] not wanting to hear any problems that the examiners found. [REDACTED] said he recalled, on several occasions, [REDACTED] openly saying that CHARLES KEATING is a competent, honest individual and is "okay". [REDACTED] said the general area of concern, however, seemed to be coming from the lending side of the thrift. [REDACTED] said that he is having difficulty recalling the identities of the examiners, because they would "come and go" upon completion of their examination assignment. [REDACTED] said that [REDACTED] was an examiner who was assigned to the operations and security examination and he also expressed concerns about a whitewash. [REDACTED] ultimately was assigned to the examination of the holding company.

[REDACTED] said that upon his arrival, which was in mid-August, 1988, he was briefed by [REDACTED]. During this briefing, [REDACTED] said that if there were any preconceived notions concerning ISL, [REDACTED] should go home. [REDACTED] said that KEATING and his management were highly intelligent people, even referring to their grade points in college. [REDACTED] advised that it seemed as if [REDACTED] was saying that the government examiners could not compete with KEATING and his employees. [REDACTED] further stated that [REDACTED] should not report any of his findings to his district and he could not use the previous examination of ISL or any information obtained from the SECURITIES AND EXCHANGE COMMISSION (SEC). [REDACTED] said that the briefing with [REDACTED] was one-on-one and does not recall anyone else being present.

[REDACTED] characterized himself as a smoker and, on occasion, went outside the building in Phoenix to have a cigarette and at this time, he, on occasion, would have conversations with [REDACTED] and CHARLES KEATING. During one of the smoke breaks, he told [REDACTED] that he was reviewing

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Continuation of FD-302 of [redacted], On 5/2/90, Page 3

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the ESOP Retirement Plan and had a "gut feeling that something was wrong". [redacted] acted again as if he did not want to hear this information and would re-enforce his statements, indicating that LSL was a healthy thrift and said that he "doubted anything would be found wrong". [redacted] said that after he started examining the ESOP files, he soon learned that KEATING and his family were taking out substantial sums of money and informed [redacted] of this fact. [redacted] does not recall [redacted] response to this statement, however, [redacted] perception of [redacted] was that he was biased and really did not want to hear any problem areas voiced by [redacted] [redacted] said that [redacted] took no specific action on his part to divert or prohibit [redacted] examination efforts.

[redacted] said that during one of the smoke breaks, he had an occasion to talk with CHARLES KEATING. [redacted] said he could only fix the month, October, 1988, that this conversation occurred. KEATING essentially started the conversation by talking thrift industry philosophy, saying that the "feds had screwed up Texas". KEATING continued to discuss the thrift industry in general and then said, "If the FSLIC takes over Lincoln Savings and Loan, it will cost \$2 billion". KEATING said that the government has been "picking on him" for approximately two years and, in fact, LSL has been under examination for the same length of time. [redacted] said he believes he spoke with KEATING four to five times during October, 1988, and the conversations he had with him were generally of this nature and he often referred to the government's harassment and to the \$2 billion potential loss if LSL was taken over.

[redacted] said that during his tenure as an examiner of the holding company, he had "general issue discussions", with [redacted] however, he could not recall any specific meeting as they all would blend together. [redacted] said however, that [redacted] over this three month period, was an apologist or at least a strong supporter of LSL and CHARLES KEATING. [redacted] in fact, on occasion, said that there was no qualified appraiser in the Federal or State system who could adequately predict the future profit of THE PHOENICIAN HOTEL. [redacted] said that on occasion, in discussion with [redacted] he used the term "Ponzi Scheme" to discuss the issuance and sale of the ACC stock and subsequent repurchase by KEATING and his companies. [redacted] told [redacted] that the government has to remove KEATING from LSL because he is "raping it". [redacted] still would only say that, "The government has to learn to work with and control KEATING, because he and his people are the only ones who could make this project go". [redacted] said he believes the statements were probably witnessed by other examiners and [redacted] recalls specifically this statement being said in the presence of himself, [redacted] and [redacted] [redacted] in fact, said the "FSLIC people would lose money, if brought in".

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Continuation of FD-302 of [redacted], On 5/2/90, Page 4

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[redacted] said that [redacted] did not change his opinion of KEATING and his employees until near the end of the holding company examination when [redacted] then was saying that it appeared as if KEATING would have to be removed.

[redacted] said that during the exam period, he met with [redacted] and [redacted] said that he could never fully tell what [redacted] feelings were, however, he believed [redacted] realized that ISL was a problem thrift.

[redacted] said that he does not know how [redacted] could have obtained his opinions of KEATING and his employees, however, he reported directly to [redacted]

[redacted] said that he recalled discussing the sub-debt sale (ACC stock) and [redacted] told [redacted] that the investors were going to be "big time losers" and [redacted] would only say that KEATING would have to be "brought under control" to protect the bondholders.

[redacted] said that the Memorandum of Understanding (MOU), placed a time constraint on the examination and believed that the examination of the thrift and ultimately, the holding company, had to be completed in mid-November, 1988. [redacted] said he recalls [redacted] telling him that the exam had to be completed by that date, however, since the MOU did not cover the holding company, there was a feeling that it did not have to be completed by that date, however, the completion date of the holding company was incorporated as the same as the thrift. [redacted] said that he had this conversation with [redacted] in early September or October, 1988. [redacted] told him that the thrift exam "was coming out clean". [redacted] said he knew there was "dirt", but the exam report "looked like it would be clean". [redacted] referred to [redacted] and his classification of the HOTEL PONTCHARTRAIN. [redacted] said that [redacted] left him with the general impression that problems were being found in the examination of the thrift, but would not be incorporated into the final report.

[redacted] said that [redacted] concern that certain exam findings would not be incorporated into the final report, dealt primarily with the area supervised by [redacted] [redacted] informed [redacted] that he [redacted] had been in touch with [redacted] of the California Department of Savings and Loan and they were going to classify the HOTEL PONTCHARTRAIN as a loss and [redacted] was not.

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Continuation of FD-302 of [redacted], On 5/2/90, Page 5

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[redacted] and [redacted] in December, 1988, travelled to Washington, D.C., to brief [redacted] regarding the findings of the holding company examination, specifically, the sub-debt sales (subordinated debenture sales). They informed [redacted] that the sub-debt sales could not continue and recommended that the Federal Home Loan Bank Board take immediate action. No action followed and ultimately, the California authorities stopped the sale of the subordinated debentures. [redacted] said this convinced him that "another fix was in".

[redacted] said he was never offered employment by KEATING and was unaware of this offer being made to other examiners.

ALLEGATIONS CONCERNING U.S. SENATORS
ALAN CRANSTON, ET AL;
CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE

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ALAN CRANSTON, ET AL;
CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/14/90

[redacted] Examiner, Office of Thrift Supervision,
[redacted] telephone [redacted]
residence, [redacted]
telephone number [redacted] provided the following
information:

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[redacted]

[redacted]

[redacted]

[redacted]

Investigation on 5/1/90 at [redacted] File # PX 58C-PX-41605

by SA [redacted] /SW Date dictated 5/10/90

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/16/90

[redacted]
[redacted] Office of Thrift Supervision [redacted]
[redacted] telephone number [redacted] residence, [redacted]
[redacted] telephone number [redacted]
provided the following information:

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[redacted]

[redacted]

[redacted]

[redacted]

Investigation on 5/1/90 at [redacted] File # PX 58C-PX-41605by SA [redacted] /SW Date dictated 5/10/90b6
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FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 5/10/90

[redacted]
[redacted]
Chicago, Illinois 60601, telephone number [redacted] residence
[redacted] Illinois 60430, [redacted]
provided the following information:

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b7DInvestigation on 5/1/90 at Chicago, Illinois File # 58C-PX-41605by SA [redacted] /hs Date dictated 5/1/90b6
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FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 5/15/90

[redacted] Chicago
Federal Home Loan Bank, now the Office of Thrift Supervision,
retired, [redacted] Chicago, Illinois 60617,
telephone number [redacted] provided the following
information:

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[redacted] said that he received a telephone call in July,
1988, from [redacted] requesting the assistance of [redacted]
to assist in Phoenix, Arizona in the examination of LINCOLN
SAVINGS AND LOAN ASSOCIATION (LSLA). [redacted] was ultimately
assigned to assist and from [redacted] involvement it was learned
that there was a need for an examination of the thrift's holding
company, AMERICAN CONTINENTAL CORPORATION (ACC). As a result of
the examination of this holding company, [redacted] who was
an expert within the Chicago Bank District, [redacted]

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[redacted] said that it is his recollection that he and [redacted]
[redacted] the Chicago Banking
District, pushed for the examination of the holding company simply
because it was a standard within the Seventh District (Chicago
District). [redacted] said he does not recall any telephone calls
from [redacted] or anyone else associated with the examination in
Phoenix of the Federal Home Loan Bank Board in Washington, D. C.,
requesting the examination be held. [redacted] said it is his belief
that the idea for the examination of the holding company
originated with him and [redacted] said he recalls that the
initial telephone calls coming from Washington, D. C. were for
examiners to conduct the examination of LSLA and not the holding
company, ACC.

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[redacted] said he is unaware of the Memorandum of
Understanding (MOU); however, he is certain that an MOU has never
been used within the Chicago District. If used, it would have
been for specific problem areas and not as a general enforcement
tool for a thrift. [redacted] said that an MOU within the Chicago
District, if it were used, would have been to correct some
deficiency of a thrift's board and would have the board take
corrective action rather than using a more serious enforcement
tool.

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Investigation on 5/8/90 at Chicago, Illinois File # 58C-PX-41650

by SA [redacted] /hs Date dictated 5/8/90

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Continuation of FD-302 of [redacted], On 5/8/90, Page 2

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[redacted] said that he was aware that the supervision of LSLA was transferred from San Francisco and was so informed by [redacted] but cannot recall the substance of this telephone call. [redacted] further stated that he was aware that the examiners in the July, 1988, examination of LSLA were prohibited from using prior examination of the thrift or conferring with the examiners. [redacted] said this stands out in his mind as highly unusual and was a handicap to the July, 1988, examiners.

[redacted] said he had no conversations with [redacted] concerning LSLA, ACC or CHARLES KEATING. He had conversations with [redacted] of the thrift examination in July, 1988; however, these conversations concerned the need for manpower and lodging and other administrative problems.

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[redacted] said that during that time there was consideration of doing the holding company exam with he and [redacted] they thought that the Holding Company Manual of Procedures should be utilized. This thought occurred to [redacted] because the manual was presently being written, however the decision was made by [redacted] to not do so. [redacted] said that he and [redacted] pushed for the publication of the Interim Report of the holding company because of the findings and problems that were uncovered. [redacted] said that to the best of his knowledge, the Interim Report was issued and disseminated.

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[redacted] said that he, since retiring from the Office of Thrift Supervision, has maintained no records to assist his recollection.

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FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 5/4/90

[redacted] (Protect Identity), [redacted]
[redacted]
[redacted] Portland, Oregon, was interviewed at [redacted]
[redacted] New Jersey (NJ), and
[redacted] furnished the following information.

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[redacted]

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[redacted]

[redacted]

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[redacted]

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b7DInvestigation on 4/30/90 at New Jersey File # NK 58C-PX-41605by SA [redacted] rmb Date dictated 4/30/90

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Continuation of FD-302 of [REDACTED], On 3/12/90, Page 2

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[REDACTED]

[REDACTED] recalls in the spring of 1986 he received a call from CHARLES KEATING, JR., who requested a meeting with [REDACTED]. Shortly thereafter KEATING along with three or four of his assistants did arrive at the office of [REDACTED] in the treasury building. During the meeting, KEATING was very philosophical and expressed his points of view regarding the savings and loan industry. KEATING was critical of the philosophy of the FEDERAL HOME LOAN BANK BOARD [REDACTED]. KEATING quoted a study which had been conducted by one [REDACTED]. The study stated the savings and loan industry could solve many problems by allowing direct investment and direct ownership by the savings and loan institutions. KEATING was a strong proponent for direct investments and made that philosophy known to [REDACTED]. [REDACTED] believes the meeting lasted approximately one hour and the assistants of KEATING were basically silent during the meeting.

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[REDACTED] further stated during the discussions with KEATING he was never threatened or hustled in any way by KEATING. KEATING was very philosophical and expressed his views as to the future of the industry and stated what he (KEATING) wanted to do within the industry. The discussion as a whole seemed to be very orderly.

[REDACTED] was not asked by any high ranking political official to see CHARLES KEATING, JR. [REDACTED] was not contacted by [REDACTED] or anyone else connected with the White House, Senate, or Congress. KEATING simply called and made an appointment through [REDACTED] secretary for the above meeting.

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[REDACTED] stated in addition to CHARLES KEATING he met with other savings and loan owners and individuals in industry. He

[REDACTED] had a second meeting with KEATING he believes in mid 1986. By this time [REDACTED]

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Continuation of FD-302 of [REDACTED]

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[REDACTED] stated during the second meeting with KEATING in mid 1986 KEATING went over additional points concerning his philosophy of the savings and loan industry. This meeting seemed to be more of a lobbying effort on KEATING's part. The same assistants accompanied KEATING to the meeting. [REDACTED] does not specifically recall their names, however, believes his former secretary [REDACTED] may have the names of the KEATING assistants. [REDACTED] number is [REDACTED]

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At the second meeting, [REDACTED] was aware of the conflict which had begun between KEATING, LINCOLN SAVINGS AND LOAN, and [REDACTED] FEDERAL HOME LOAN BANK BOARD. [REDACTED] had been in contact with [REDACTED]



During the second meeting with KEATING, [REDACTED] was also aware of the past consent decree which had been placed on KEATING years before. After the first meeting with KEATING, [REDACTED] OFFICE OF FINANCIAL INSTITUTION PHILOSOPHY and asked the researchers in that office to get some background on CHARLES KEATING. The individuals in that office are made up of approximately 10 high ranking economists and researchers. They

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Continuation of FD-302 of [REDACTED]

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obtained previous information on KEATING and in doing additional research determined that he had a consent decree placed on him in the late 60's or early 70's.

At the second meeting, KEATING again strongly expressed his views of [REDACTED] philosophy. KEATING stated [REDACTED] was dangerous to the savings and loan industry and that he (KEATING) would take it upon himself to stop [REDACTED] by hiring him away from the FEDERAL HOME LOAN BANK BOARD. KEATING told [REDACTED] he was willing to hire [REDACTED] and had attempted to hire [REDACTED] at a salary of \$300,000 per year. KEATING further told [REDACTED] that [REDACTED] had refused the offer.

[REDACTED] made KEATING aware that he supported many of [REDACTED] philosophies [REDACTED] KEATING told [REDACTED] he was wrong by agreeing with that philosophy and stated something to the effect.

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[REDACTED] KEATING further accused [REDACTED] of being "out of step" with the White House administration's philosophy of deregulation. KEATING stated that direct ownership by the savings and loan was the answer to the savings and loans problems. KEATING referred to the fact that LINCOLN SAVINGS had major stock in ST. REGIS PAPER COMPANY and they soon would be making a fortune.

[REDACTED] recalls being extremely surprised as to the extreme nature of KEATING's philosophy and made an attempt to clarify what KEATING was stating. [REDACTED] recalls saying to KEATING something to the effect, "If I hear you correctly you want to in effect own a Mutual Fund consisting of stocks and directly owned properties funded by the government insured deposits with the downside risk going to the government and the upside profits going to the savings and loan?" [REDACTED] specifically recalls KEATING stating, "You're exactly right". At this time [REDACTED] informed KEATING that the philosophy he had just stated was not part of the administration's concept of deregulation. [REDACTED] then quickly ended the meeting and escorted KEATING and his assistants out of his office. [REDACTED] advised his staff he did not want to meet with KEATING again and instructed

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Continuation of FD-302 of [REDACTED]

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his staff not to have any meetings with KEATING or his staff. The main reason [REDACTED] decided to end any dialogue with KEATING was he did not want to be placed in a position whereby KEATING could align himself with the Department of Treasury.

[REDACTED] advised KEATING did make another attempt to see [REDACTED] at which time [REDACTED] secretary simply and cordially put him off. It still would have been to the advantage of KEATING to meet with [REDACTED]

[REDACTED] did not grant KEATING an additional meeting.

[REDACTED] recalls on or about April 3, 1987, he met with [REDACTED] office. On that particular day, [REDACTED] was very upset and outraged and mentioned to [REDACTED] that he had been to a meeting on the hill with several United States senators. He did not go into detail but stated the senators had tried to influence [REDACTED] as a regulator. [REDACTED] did advise [REDACTED] at that time that it appeared CHARLES KEATING was behind the attempted influence.

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During the period of mid November of 1986 through April of 1987, [REDACTED] was contacted separately by [REDACTED]. Both met with [REDACTED] office. He recalls the meeting with [REDACTED] was after [REDACTED] obtained the recess appointment in November of 1986 and prior to his resignation in April of 1987. [REDACTED] mentioned that he wanted to be confirmed as a member of the FEDERAL HOME LOAN BANK BOARD and gave [REDACTED] a list of his credentials. [REDACTED] felt [REDACTED] could influence the

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Continuation of FD-302 of [REDACTED], On 3/12/90, Page 6

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banking committees and other influential people due to the fact [REDACTED] was a close associate of [REDACTED] mentioned to [REDACTED] that he was a practicing attorney and had come in contact with various members of the savings and loan industry and he was involved in real estate transactions being financed by the savings and loans. [REDACTED] felt even though he did not feel it was necessary he would do whatever was requested to take care of any perceived problem with his association with members of the savings and loan industry.

[REDACTED] felt [REDACTED] would have influence with [REDACTED] the White House. [REDACTED] emphasized he never made any phone calls or attempted to influence any political person with regard to the [REDACTED] confirmation. [REDACTED] did not believe it was proper for him to be involved at all with the [REDACTED] confirmation.

As mentioned, [REDACTED] also met with [REDACTED] believes the [REDACTED] meeting took place quite some time prior to [REDACTED] recess appointment to the board. [REDACTED] recalls at that time discussing [REDACTED] philosophy and [REDACTED] did not believe a study [REDACTED] had performed was very valid. He felt it was somewhat invalid due to the fact the base period used by [REDACTED] was only a five year period which was primarily a very positive time in America. He felt [REDACTED] study period should be longer and involve not only the highs of the American economy but the low periods as well. [REDACTED] advised both meetings with [REDACTED] and [REDACTED] were one on one meetings in the office of [REDACTED]

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[REDACTED] further stated he recalls on or about December 19, 1986, a telephone conversation with [REDACTED] at which time [REDACTED] advised he was furious with [REDACTED] He mentioned to [REDACTED] that [REDACTED] had just attempted to introduce an 11 point plan to change the direct investment regulation. [REDACTED] felt the 11 point plan would exclusively have LINCOLN SAVINGS AND LOAN. He did not see the 11 point plan being beneficial for any other savings and loan. [REDACTED]

[REDACTED] also mentioned at that time he was very upset that the three members of the bank board could not agree on direct investment regulation. At that time the three members were [REDACTED] and [REDACTED]

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Continuation of FD-302 of [REDACTED]

, On 3/12/90, Page 7*

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[REDACTED] relationship with the FEDERAL HOME LOAN BANK BOARD was drastically different after [REDACTED] was very guarded and would not share information with the Treasury Department. The staff was not to exchange data and contact was only to be made at the top positions.

At that time, the FEDERAL HOME LOAN BANK BOARD was developing "the southwest plan" and [REDACTED] wanted to be the author and introduce it himself. [REDACTED] considered himself a very independent regulator and, as mentioned, would have very limited contact with [REDACTED] Department of Treasury.

[REDACTED] recalls at the time he felt [REDACTED] may have been too close to the savings and loan industry and to the various associations within the industry. He always felt [REDACTED] was honest, however, there were rumors and innuendo that [REDACTED] may have been less than honest. [REDACTED] seemed to be very close to the U.S. League of Savings and Loans, however, [REDACTED] has no information or evidence to suggest [REDACTED] did anything improper in his position as [REDACTED]

[REDACTED]

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 4/25/90

[redacted] date of birth [redacted] former
member Federal Home Loan Bank Board, residence [redacted]
[redacted] Wisconsin 53092 [redacted] employed at [redacted]

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Wisconsin 53051, [redacted] provided the following
information:

[redacted] said that [redacted]
board member of the Federal Home Loan Bank Board [redacted]
[redacted]

[redacted] said that [redacted]

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Investigation on 4/6/90 at Laguna, California File # 58C-PX-41605

by SA [redacted] (Los Angeles) and
SA [redacted] rh Date dictated 4/6/90

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Continuation of FD-302 of [REDACTED], On 4/6/90, Page 2

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[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED] said he was aware of the direct investment problem and KEATING's dislike of this policy [REDACTED]

[REDACTED]

[REDACTED] said he was never contacted by KEATING or any of his associates prior to his appointment on the Federal Home Loan Bank Board.

[REDACTED] said during the first 90 days that he was a member of the bank board he concerned himself primarily with problem institutions and efforts to find buyers for these institutions. He specifically eluded to AMERICAN SAVINGS in California [REDACTED]

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Continuation of FD-302 of [REDACTED]

, On 4/6/90, Page 6

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[REDACTED]

[REDACTED]

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[REDACTED] said that he never saw the memorandum of understanding that was executed with LINCOLN SAVINGS AND LOAN ASSOCIATION. He only saw the draft memorandum of understanding that was presented to the board by the ERC. [REDACTED] reiterated the fact that he was unaware and had not read the July 23, 1987 memorandum from [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] said the only information on which he could operate and prepare himself for the vote was the information supplied to him by the ERC. He received no calls from any politician or KEATING or any of his associates prior to this vote.

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[REDACTED]

[REDACTED]

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Continuation of FD-302 of , On 4/6/90, Page 10

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said he has provided an affidavit to the Senate Ethics Committee and will supply this document to the FBI upon his return to his residence.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/16/90

Attached is a copy of an affidavit of [redacted] dated April 6, 1990. This affidavit was prepared for the United States (U. S.) Senate Ethics Committee.

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The copy [redacted] provided the FEDERAL BUREAU OF INVESTIGATION (FBI) has been exhibited as evidence. This copy was sent to Phoenix FBI by U. S. Mail, April 16, 1990.

[redacted] also spoke with Special Agent (SA) [redacted] April 16, 1990, by telephone and said he destroyed on a daily basis records that showed what he was to do on a given day. [redacted] said he could provide blank pages as an example, however, he had no daily records that revealed his daily activities as a Federal Home Loan Bank Board member.

Investigation on 4/16/90 at Phoenix, Arizona File # 58C-41605

by SA [redacted] dkm Date dictated 4/16/90

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FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 5/18/90

[redacted]
Illinois 60211, telephone number [redacted]
[redacted] Wisconsin 53092,
telephone number [redacted] provided the following
information:

[redacted] said that he was employed by the FSLIC, although he worked directly for the Federal Home Loan Bank Board, and his supervisor was board member. [redacted] said that he worked [redacted]

[redacted] said that he had no personal contact with anyone concerning the operation of LINCOLN SAVINGS AND LOAN ASSOCIATION (LSLA) with the exception of [redacted] who worked for SOUTHPORT GROUP. This group apparently represented JOHN ROUSSELET, who was attempting to purchase LSLA. [redacted] said that [redacted]

[redacted] said that since he was an assistant to [redacted] his primary area of responsibility was to do research for [redacted] on areas that [redacted] requested. [redacted] said that [redacted] was also an assistant for [redacted] during [redacted] employment at the Federal Home Loan Bank Board.

[redacted] said that he never personally received any telephone calls from a U. S. Senator or their staff, but was aware that [redacted] had received some telephone calls from Senators DENNIS DECONCINI and ALAN CRANSTON. [redacted] said that [redacted] never told him of the substance of these phone calls, however, he could determine from her attitude that the telephone calls were bothersome to her.

[redacted] said that [redacted] works for [redacted] New York, telephone number [redacted] and resides at [redacted] New York 10024, telephone number [redacted]

Investigation on 5/3/90, 5/17/90 Evanston, Illinois File # 58C-PX-41605

by SA [redacted] hs Date dictated 5/3/90

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Continuation of FD-302 of [REDACTED]

, On 5/3/90, Page 3

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efforts. [REDACTED] said that the Bank Board apparently believed that some of the larger savings and loans in the San Francisco District had too much influence with the San Francisco Bank.

[REDACTED] said that he is aware that [REDACTED] and [REDACTED] were appointed to a committee to review the San Francisco findings as well as the LSLA rebuttal to the San Francisco findings. [REDACTED] said that the review process evolved into three options that were presented to the board in May, 1988. The Bank Board voted on those three options which ultimately led to new examinations of LSLA and the development of a Memorandum of Understanding (MOU).

[REDACTED] said that he is unaware of the details of the MOU or the persons at the Federal Home Loan Bank Board who worked on its development. [REDACTED] said that he is not aware of any job offers made to anyone of the Federal Home Loan Bank Board, member or staff. [REDACTED] said that he was not offered employment by KEATING.

On May 17, [REDACTED] stated he was aware that CHARLES KEATING gave a file containing information about the San Francisco Bank District, however, he does not know the contents. [REDACTED] said the file was given by KEATING to either [REDACTED] or [REDACTED]. [REDACTED] believes that [REDACTED] may know the contents of this file and its disposition.

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Continuation of FD-302 of _____

, On 5/3/90, Page 2

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_____ said that he never met personally with CHARLES KEATING or any of his employees and was never present when KEATING met with _____

_____ said that in regards to the telephone calls that _____ received from Senators DECONCINI and CRANSTON is limited to the fact that _____ told her to tell them not to call him. _____ said that he is unaware if she received these telephone calls personally from the senators or members of their staff; however, he was certain that their offices contacted her in some capacity. _____ said that he also is aware that these telephone calls were in regards to CHARLES KEATING and LSLA, but the exact subject is unknown to him. _____ said that he is not aware if the telephone calls were construed as "pressure" on the part of _____ however, he is aware that she characterized these telephone calls as "unwise". _____ further stated that _____ had expressed concern about the calls and that he _____ was not comfortable about these calls.

_____ said that he is unaware of the conflict surrounding the appointment of _____ as a member of the Federal Home Loan Bank Board, but was aware that _____ appointment created quite a "stir".

_____ said that he was aware that _____ who _____ Office of Regulatory Activities (ORA) of the Federal Home Loan Bank Board, was replaced by _____ said that he believes that _____ was replaced by _____ because of a "competency problem". _____ said he believes that an _____ knows the details of _____ replacing _____ as the director of ORA.

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_____ said that he attended the Federal Home Loan Bank Board meetings where the transfer of LSLA supervisory authority was discussed. _____ said that he believes that both these meetings that he attended were in May, 1988. During these meetings, _____ stated that "if CHARLES KEATING does not continue his involvement with LSLA and AMERICAN CONTINENTAL CORPORATION the Arizona real estate market would fail." _____ said that on both occasions during the two separate board meetings, _____ expressed the importance of CHARLES KEATING'S involvement with LSLA in order to avoid a collapse of the real estate market in Arizona. _____ said that the San Francisco Federal Home Loan Bank had recommended a Cease and Desist order but there seemed to be a lack of trust by the Federal Home Loan Bank Board of the San Francisco examination

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/90

[redacted] New York City, New York, 10012, was advised as to the identity of the interviewing agents and the purpose of the interview at which time he advised as follows:

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[redacted] advised his date of birth is [redacted] and he was born in New York City, New York. His social security account number is [redacted]. His current profession [redacted]

[redacted] located at [redacted] New York City, New York, 10006, [redacted]

[redacted] advised he has maintained this position at the STERN SCHOOL OF BUSINESS off and on since September of 1976 through the present.

[redacted] confirmed the fact [redacted] [redacted] he was a board member of the Federal Home Loan Bank Board located in Washington D.C. [redacted]

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Investigation on 3/7/90 at New York, New York File # 58C-PX-41605

by SA [redacted] GKM/lkl Date dictated 3/12/90

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Continuation of FD-302 of [REDACTED]

, On 3/7/90, Page 3

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[REDACTED] stated by the end of November or the first of December, 1986, it became apparent to him that he was not prepared to vote on the direct investment regulation. He was not knowledgeable enough about the bank board business nor the history and ramifications of the direct investment regulation.

[REDACTED] from the beginning wanted to have a ninety day extension on the vote concerning the direct investment regulation. The term was to conclude on December 31, 1986, and [REDACTED] wanted it to be extended until the latter part of March, 1987. He felt he could take this time to properly learn and educate himself about the regulation. In addition, he intended on having a comment period during which he could receive outside input and different points of view regarding the direct investment regulation. He also wanted to have public hearings during that ninety day extension. To the best of his knowledge there had never been a public hearing on the regulation, even though there had been a comment period.

[REDACTED] advised [REDACTED] was opposed to an extension and simply wanted to renew the existing regulation. [REDACTED] initially appeared to be non-committal and [REDACTED] believed he would vote for an extension.

On Monday, December 15, 1986, three days before the scheduled board meeting to have a final vote, [REDACTED] had a discussion with [REDACTED] regarding his position on the extension. [REDACTED] surprised [REDACTED] at that point and said no, he knew what had to be done and the regulation needed to be changed.

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Continuation of FD-302 of [redacted], On 3/7/90, Page 4

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He advised he wanted to submit the change and requested [redacted] support. [redacted] would not agree to a ninety day extension and [redacted] would not agree to voting on the [redacted] proposal.

At this point, on December 15, 1986, it then appeared the three man board was split three ways. [redacted] wanted an extension, [redacted] wanted to change the regulation and [redacted] wanted to renew the regulation as it existed. By December 17, 1986, the day before the scheduled vote, the issue still had not been resolved.

[redacted] recalls on that day there was a lot of activity by the staff of the bank board. There were a number of briefings which took place and discussions regarding the direct investment regulation. [redacted] further recalls meeting with one [redacted] an Attorney and lobbyist for the association of THRIFT HOLDING COMPANIES. Also with him was one [redacted] of an existing savings and loan. They both were attempting to lobby [redacted] however, he refused to discuss the direct investment matter with them. He does not recall what they talked about, however, this was the first time he had met either individual and due to the fact they were not in a comment period, he refused to discuss the regulation. He believes [redacted] may have not only been a savings and loan officer but also a primary member of the association of THRIFT HOLDING COMPANIES.

[redacted] recalls on December 17, 1986, the board members and staff got together at approximately 8:00-8:30 p.m. [redacted] initially gave a speech on the direct investment and wanted it to remain in its present form. He does not recall if [redacted] made a proposal that evening. [redacted] continued to discuss the matter with [redacted] and [redacted] finally agreed to a ninety day extension. The following day, December 18, 1986, the scheduled day for the vote, staff members of both [redacted] and [redacted] met and an extension was arranged. The extension actually ended up being approximately seventy-five days.

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[redacted] recalls on December 18, 1986, the board meeting took place and lasted about one and a half hours. The meeting was held in public, however, was not a public hearing. [redacted] recalls various staff members spoke about the direct investment

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Continuation of FD-302 of [REDACTED]

, On 3/7/90, Page 5

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regulation. He further recalls [REDACTED] formerly proposing an eleven point plan in written form regarding changes in the direct investment regulation. He further recalls [REDACTED] passing out a copy of the eleven point proposal to all individuals present. [REDACTED] recalls thinking it was very strange that [REDACTED] was pursuing this eleven point proposal due to the fact he was well aware that [REDACTED] and [REDACTED] had agreed to an extension and a majority vote decides an issue. [REDACTED] feels its a major point as to why [REDACTED] submitted the proposal when he knew very well the other two were going to vote for an extension. [REDACTED] recalls the proposal was neatly typed and [REDACTED] read it on the record. In addition, [REDACTED] formerly voted against the extension.

[REDACTED] advised a comment period then began and a public hearing took place on either January 29 or January 30, 1987. During the comment period he recalls there were a number of lobbying efforts and letters written to the bank board. In addition, [REDACTED] convened a panel of six well known economists so as to hear their opinions regarding the direct investment regulation. Those economists included the following:

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[REDACTED]
[REDACTED] does not recall the final economist.

[REDACTED] advised the public comment period lasted approximately sixty days and expired around February 19, 1987. During this period of time he did discuss the direct investment regulation with people in the savings and loan industry. Any and all new and pertinent information he received, [REDACTED] submitted it onto the public record. [REDACTED] emphasized the fact that after the public comment period ended, he did not speak with any outside individuals concerning the vote on the direct investment regulation.

[REDACTED] advised during this period of time he developed the same point of view as the bank board [REDACTED]. He felt the regulation was a good one and could even have been made tougher. A vote on the regulation did in fact take place on February 27, 1990, and modifications were made making it tougher. The staff had made proposals for additional capital reserve and

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Continuation of FD-302 of [REDACTED]

, On 3/7/90

, Page 6

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[REDACTED] agreed with this and it was ultimately placed in the direct investment regulation. [REDACTED] then voted for the modified direct investment regulation. He believes [REDACTED] may have excused himself in the vote due to the fact that he had received a lot of flack over his eleven point proposal he had initially submitted on December 18, 1986.

[REDACTED] eventually became well aware after reading [REDACTED] proposal that the eleven point proposal primarily assisted LINCOLN SAVINGS AND LOAN and possibly one other institution. [REDACTED] was in total disagreement with the proposal. The March 27, 1987, vote was to maintain the direct investment regulation for an additional two years. [REDACTED] added that on April 15, 1989, the board again renewed it as it stood for another six month period.

[REDACTED] further stated he met with [REDACTED] from AMERICAN CONTINENTAL CORPORATION at the end of December, 1986. He further met with CHARLES KEATING in February, 1987, for about forty-five minutes. He recalls meeting with [REDACTED] on another occasion, however, does not recall the date. He also on occasion spoke with the attorney for KEATING, [REDACTED]. He recalls the only unusual request made by any of the above individuals was by [REDACTED]. She wanted him to fly to Phoenix and view the KEATING operation. [REDACTED] declined.

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At this point, due to [REDACTED] schedule, the interview was terminated and it was agreed to continue at a later date.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/11/90

[redacted]
[redacted] Los Angeles,
California 90010, telephone number [redacted] and residence
at [redacted] California 92660, telephone
number [redacted] provided the following information:

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[redacted]
[redacted]
that ISL was applying to the FEDERAL HOME LOAN BANK of San
Francisco to exceed the 10 percent Direct Investment Regulation.
[redacted] appeared to be an endorsement by the California
Savings and Loan Department of ISL. [redacted] implied that the
California Department of Savings and Loan had conducted an
examination of ISL, and the thrift was being operated in a sound
manner. [redacted] alluded to
\$900 million, or 40 percent of the assets, or 11.75 percent of
the regulatory net worth had been met. [redacted] said that he
recalled that [redacted]
[redacted]
[redacted]

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b7CInvestigation on 4/12/90 at Los Angeles, California File # PX 58C-41605by SA [redacted] /mao Date dictated 4/13/90b6
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Continuation of FD-302 of [redacted]

, On 4/12/90

, Page 3

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[redacted] said that he, in March of 1989, received a telephone call from [redacted] [redacted] that he had just received a telephone call from Senator DENNIS DICONCINI of Arizona. [redacted] said that [redacted] told him that [redacted] had said that [redacted] would be a problem for the proposed sale of LSL. [redacted] could not recall if [redacted] was discussing the sale to the SCOTT GROUP or the ROUSSELOT GROUP. [redacted] also said [redacted] told him that DICONCINI did not want [redacted] to say anything to the press concerning this proposed sale. [redacted] said that [redacted] offered no such instructions to him, but merely passed on the fact that he had spoken with Senator DICONCINI.

Shortly after the conversation with [redacted] [redacted] received a telephone call from [redacted] [redacted] wanted to know why the ROUSSELOT sale was not good. [redacted] said he received this call from [redacted] at his residence, and that [redacted] had a complete understanding of the transaction, and discussed it in detail. [redacted] does not know if the [redacted] telephone call was a follow-up telephone call to [redacted] or if he, too, had received a telephone call from Senator DICONCINI.

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[redacted] also stated that [redacted] an employee of the California Savings and Loan Department, received a telephone call from [redacted] for Senator ALAN CRANSTON. [redacted] said that he believed this telephone call was in March or April of 1989, and that [redacted] just wanted to let [redacted] know that Senator CRANSTON was in favor of the sale of LSL. [redacted] told [redacted] that [redacted] requested no specific favor, and no request was made of him.

[redacted] will provide to the FBI copies of the three above-mentioned letters as well as his affidavit he supplied to the Senate Ethics Committee.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/7/90

[redacted]
[redacted] State of California, [redacted] Sacramento, California, [redacted] was contacted at his office. He was advised of the identity of the interviewing agent and that he was being interviewed as part of an investigation into allegations concerning several United States Senators with regard to their association with CHARLES H. KEATING. [redacted] provided the following information during interview:

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[redacted] meetings with CHARLES KEATING [redacted] he had a telephone conversation with United States Senator DENNIS DeCONCINI. The meetings with KEATING and the phone conversation with DeCONCINI generated a great deal of media interest. [redacted] took no notes during either meeting with KEATING or during the telephone conversation with DeCONCINI. Due to the unanticipated media interest, however, [redacted] made notes of the DeCONCINI phone conversation in response to a media inquiry in October 1989. Approximately one month later, [redacted] made notes of the two KEATING meetings which had occurred in 1988.

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Throughout the interview, [redacted] referred to the notes prepared in October 1989 and November 1989, as well as a copy of a press release from Senator DeCONCINI's office dated October 6, 1989. Throughout the interview, [redacted] also referred to a signed affidavit of [redacted] dated March 22, 1990 and an amended affidavit of [redacted] dated March 23, 1990. At the conclusion of the interview, [redacted] gave the interviewing agent copies of both sets of notes, the DeCONCINI press release, [redacted] affidavit and the amended affidavit of [redacted]

[redacted]

[redacted]

Investigation on 5/4/90 at Sacramento, Calif. File # 58C-PX-41605

by [redacted] :mjm Date dictated 5/7/90

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Continuation of FD-302 of [REDACTED]

, On 5/4/90 , Page 2

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[REDACTED] met with CHARLES KEATING [REDACTED]
[REDACTED] was set up at the
request of [REDACTED]
[REDACTED] was present at
both KEATING meetings.

[REDACTED]

[REDACTED]

[REDACTED] office received a telephone call from the Office of Senator DENNIS DeCONCINI. [REDACTED] was not in the office at the time and arrangements were made for the Senator to recontact [REDACTED] telephonically at a time when it was anticipated that [REDACTED] would be in his office. Senator DeCONCINI did, in fact, telephonically contact [REDACTED]. This occurred either the same day as the earlier call or within a day or two of that call. Senator DeCONCINI told [REDACTED] that it was his, DeCONCINI's belief, that the State of California was in a position to stop the sale of LINCOLN SAVINGS & LOAN to the so-called ROUSSELOT group. [REDACTED] replied that the State of California was not in a position to stand in the way of the proposed ROUSSELOT transaction since that transaction would result in LINCOLN SAVINGS operating under a federal charter. [REDACTED] went on to state that State regulators in California still have a problem with LINCOLN SAVINGS but the move to a federal charter will essentially "take the State out of the loop." Senator DeCONCINI then began describing his evaluation of the importance

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Continuation of FD-302 of _____

, On 5/4/90 , Page 3

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of AMERICAN CONTINENTAL CORPORATION to the State of Arizona. Senator DeCONCINI described the hardship to Arizona that would result from layoffs at the corporation and the collapse of real estate projects under way in the State of Arizona that were supported by AMERICAN CONTINENTAL CORPORATION. _____ expressed his understanding of Senator DeCONCINI's concerns but reiterated that the issue was no longer within the control of the State of California or State regulators.

_____ cannot remember Senator DeCONCINI mentioning anything about _____ during the telephone conversation. Similarly, he did not infer from this telephone conversation that DeCONCINI wished _____ to silence California critics of LINCOLN SAVINGS and the proposed sale.

The telephone call lasted about three or four minutes and while _____ considered the call to be a lobbying effort, it was not much different from other lobbying calls he receives from time to time.

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_____ is aware of no other contacts by public officials _____ in connection with the LINCOLN SAVINGS matter, with the exception of one instance, when an Aide to Senator ALAN CRANSTON, (FIRST NAME UNKNOWN) _____ contacted _____

_____ In this telephone conversation, _____ told _____ that Senator CRANSTON's office thinks the LINCOLN SAVINGS & LOAN buy-out is a good idea and a good deal for the State of California. JORDAN went on to state that Senator CRANSTON's office wholeheartedly supports the LINCOLN SAVINGS & LOAN sale.

_____ probably discussed the DeCONCINI telephone conversation with _____ did not instruct _____ to tone down his criticism of the operations of LINCOLN SAVINGS & LOAN, nor does he recall telling _____ that that move had been suggested in the DeCONCINI telephone conversation.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/2/90

[redacted] State of California, 1120 N Street, Room 2101, Sacramento, California, 95814, telephone number [redacted], was contacted at his office. He was advised of the identity of the interviewing agent and that he was being interviewed as part of an investigation into allegations concerning various United States Senators and senior officials of LINCOLN SAVINGS & LOAN ASSOCIATION. SULLIVAN provided the following information during interview:

[redacted] has had no contact whatsoever with United States Senators DeCONCINI, GLENN, MCCAIN, or RIEGLE. Neither has [redacted] had any contact whatsoever with any member of a staff supporting any of those named Senators. [redacted] has had contact with United States Senator ALAN CRANSTON and with Senator CRANSTON's staff. None of these contacts, however, concerned CHARLES KEATING, LINCOLN SAVINGS & LOAN, AMERICAN CONTINENTAL CORPORATION, or any other entity or individual related to CHARLES KEATING.

Investigation on 4/27/90 at Sacramento, Calif. File # 58C-PX-41605

by SA [redacted] :mjm Date dictated 4/30/90

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Continuation of FD-302 of _____

, On 4/27/90, Page 2

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In the spring of 1989, the Savings and Loan Department was very critical of a proposal that LINCOLN SAVINGS & LOAN be purchased by a group of individuals associated with JOHN ROUSSELOT. At least one California newspaper reported that the Savings and Loan Department would give approval to the ROUSSELOT transaction. In response to that story, _____ issued a press release denying that the Savings and Loan Department would approve such a transaction. _____ press release was followed by public statements wherein he leveled specific criticisms at the ROUSSELOT transaction.

At about the time that _____ was making the press release and public statements, _____ discussed _____ activities with _____. Both agreed that _____ had the authority to issue such press statements and both relied on _____ judgment insofar as his evaluation of the ROUSSELOT transaction. _____ had at least one telephone conversation with _____ in which the ROUSSELOT transaction was discussed. _____ quoted statements made by _____ regarding the viability of the transaction and coupled those statements with news reports that _____ had either seen or heard regarding LINCOLN SAVINGS. _____ did not criticize _____ in this telephone conversation, nor did he suggest that _____ "tone down" his statements to the press.

Sometime in April 1989, _____ received a telephone call from _____ in which _____ asked _____ if he, _____ would mind talking to an attorney from AMERICAN CONTINENTAL CORPORATION about the proposed LINCOLN SAVINGS & LOAN sale. _____ stated that he would speak with an attorney from AMERICAN CONTINENTAL. Later that same day, _____ received a telephone call from an attorney claiming to represent either LINCOLN SAVINGS or AMERICAN CONTINENTAL CORPORATION. _____ cannot recall the name of the attorney. This attorney told _____ that the sale of LINCOLN SAVINGS & LOAN would be approved federally and he, the attorney, requested that either _____ or _____ call _____ to assure WALL that no one from the State, and _____ in particular, would say anything critical about the proposed federal sale. _____ told this attorney that he would have to discuss this with _____ and get back in touch with him.

[redacted] then recontacted the attorney who had made the original request. [redacted] asked the attorney to be more specific as to what he meant by asking [redacted] "not to make a statement." [redacted] amplified this question by asking if that also meant statements made to regulatory authorities or federal investigators. With that question, the attorney became very flustered and said he did not want [redacted] to refuse to answer any questions from regulators or investigators. The attorney closed the conversation by stating that he would recontact [redacted] in the very near future. No such contact took place.

In April 1990, [redacted] was contacted by investigators from the Senate Ethics Committee. These investigators asked [redacted] a number of questions regarding contacts between Senators and State of California officials regarding the LINCOLN SAVINGS & LOAN matter. [redacted] recounted the telephone conversations with the attorney who represented either LINCOLN SAVINGS & LOAN or AMERICAN CONTINENTAL CORPORATION. The investigators asked [redacted] to review his telephone toll records for April 1989 in an effort to identify the attorney by way of toll calls placed. [redacted] did, in fact, review his telephone toll records and determined that he made no telephone calls to Arizona during the pertinent period of time. [redacted] recalled then that it is possible the telephone call was placed to Southern California and that perhaps the attorney did, in fact, represent LINCOLN SAVINGS rather than AMERICAN CONTINENTAL CORPORATION.

[redacted] was not asked to prepare an affidavit for the Senate Ethics Committee. He did, however, prepare a letter dated April 18, 1990 addressed to [redacted] for the Senate Ethics Committee. [redacted] provided a copy of that letter to the interviewing agent.

[redacted] is aware of at least one and possibly two meetings or conversations that [redacted] had with CHARLES KEATING in 1988. [redacted] was present at no meetings with KEATING, nor was he a participant in any telephone conversations. Meetings which occurred between KEATING and [redacted] most likely would have been attended by [redacted] responsible for banking at the time the meetings occurred.

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Continuation of FD-302 of

, On 4/27/90 , Page 4

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At the conclusion of the interview, reiterated that he had not received any telephone calls or other contacts from any public official regarding KEATING or the LINCOLN SAVINGS & LOAN matter.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/2/90

[redacted] date of birth [redacted]
[redacted] was interviewed in the office of his attorney, [redacted]
[redacted] who was also present. [redacted] said he resides at
[redacted] Mesa, Arizona 85204, telephone [redacted]
[redacted] provided the following
number [redacted]
information [redacted]
Senator DENNIS DE CONCINI.

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[redacted] said that [redacted] from
[redacted]

[redacted] said he never consulted with DE CONCINI on any personal business or any other business. His contacts with Senator DE CONCINI related to DE CONCINI's campaign. [redacted] said he was aware that Senator DE CONCINI had substantial land holdings in Arizona, and inherited some property in San Diego, California, from his deceased father. Other than this, [redacted] said he had no knowledge concerning the acquisition of any land holdings of DE CONCINI. [redacted] said the only knowledge he had concerning a development firm in Colorado called MDC or RA HOMES in Tucson was what he learned in the newspaper. [redacted] said, however, he was aware that the principals of RA HOMES are [redacted] [redacted] said these individuals assisted DE CONCINI in his campaign fund raising, and [redacted] recalled RA HOMES being reimbursed for expenses related to the campaign. [redacted] said these expenses were for machine copying of documents and rent. [redacted] said in early 1980 [redacted] left the DE CONCINI staff and moved to Tucson and formed or went to work for RA HOMES. [redacted] said he was unaware that RA HOMES had loans from LINCOLN SAVINGS AND LOAN ASSOCIATION until he read this in the newspaper. [redacted] reiterated the fact that he never discussed any loan arrangement with Senator DE CONCINI.

Investigation on 2/1/90 at Phoenix, Arizona File # PX 58C-41605-SubC-13
by SAs [redacted] (Los Angeles) and REB/khc Date dictated 2/1/90

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Continuation of FD-302 of [REDACTED], On 2/1/90, Page 2 b6 b7C

[REDACTED] said that in regard to fund raising he personally had the responsibility for submission of the

appropriate forms to the Federal Election Commission in Washington, D.C. [REDACTED] said that he would have signed all these forms with the exception of the statement of candidacy which would have been filled in and signed by Senator DE CONCINI. [REDACTED] said he was never particularly alerted prior to any fund raising activity. When he was informed of this activity it would have been from [REDACTED] said that he would update KATZ as to the balances in the various accounts for DE CONCINI '88 and the Arizona Leadership Account. [REDACTED] said on occasion he would personally brief DENNIS DE CONCINI on the condition of the accounts in person and this occurred two to three times, and in addition to these personal contacts he submitted written reports, and these written reports were to reflect cash on hand, receipts and disbursements. [REDACTED] said that these briefings in person with DE CONCINI would occur two to three times a year and were not scheduled events.

[REDACTED] said that the Federal Election Commission Form 3 was submitted by himself; however, everybody received copies including DE CONCINI, [REDACTED] said that prior to his being treasurer of the campaign, [REDACTED]

[REDACTED] said the substantial checks drawn on the Arizona Leadership Account was money that he had embezzled from the DENNIS DE CONCINI account and he was replacing this money with checks drawn on the Arizona Leadership Account. [REDACTED] said that he never provided any funds to DENNIS DE CONCINI except for reimbursement of expenses.

[REDACTED] said he is not aware of any charitable group with whom Senator DE CONCINI has affiliation.

[REDACTED] said he does not recall any particular fund raising activity involving AMERICAN CONTINENTAL CORPORATION or MDC. [REDACTED] said he recalls RA HOMES conducting some type of fund raising activity in Las Vegas, Nevada, for DE CONCINI but cannot recall the details.

[REDACTED] said that the BANK OF BEVERLY HILLS account was used for direct mail campaign contributions in California.

[REDACTED] said that the Arizona Democratic Party Federal Account, Arizona, Inc., was an account that helped candidates in Arizona and "DE CONCINI '88 Campaign" contributed to this organization. [REDACTED] said that the Southwestern Voter

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Continuation of FD-302 of [redacted], On 2/1/90, Page 3

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Registration was a "get out the vote" organization but he is not familiar with its activities.

[redacted] said that he received all his instructions from [redacted] and not DE CONCINI. [redacted] said on occasion when he received instructions from [redacted] and he did not think that it should be done, he would object; however, [redacted] would later call and they implied they had spoken with Senator DE CONCINI and then order him to carry out the instructions as given. [redacted] said normally the conflict arose over whether to pay certain expenses from the campaign account or the Senate account.

[redacted] said that he never discussed with [redacted] or DE CONCINI direct investment regulations concerning the savings and loan industry.

[redacted] said he does not know [redacted] however, he does know that her husband, [redacted] is a contributor to DE CONCINI and is president of PIMA SAVINGS. [redacted] said he was unaware of the memorandum that she produced and only saw this memorandum when it appeared in the newspaper. [redacted] said he never discussed this memorandum with anyone on the DE CONCINI staff present or former, and never with Senator DE CONCINI.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/1/90

[redacted] date of birth [redacted] was interviewed at his employment, [redacted] Washington, D.C. 20036, telephone number [redacted] was served a subpoena from the Central District of California as Custodian of Records for the National Council on Public Policy. After receipt of the subpoena, [redacted] provided the following information regarding the National Council on Public Policy:

[redacted] said that he was treasurer in 1988 of the National Council on Public Policy; however Senator JOHN GLENN is now represented by [redacted] of the law firm of [redacted] located at 1201 Pennsylvania Avenue, Washington, D.C., telephone number [redacted]. This law firm now has all the books and records of the National Council on Public Policy.

[redacted] said that when CHARLES KEATING contributed two \$100,000.00 checks to Senator GLENN, [redacted] was then the treasurer of the National Council on Public Policy. [redacted] now is employed by the International Franchise Association, 1350 New York Avenue, Washington, D.C., telephone number (202) 628-8000.

[redacted] recalled that there were three bank accounts opened using the name National Council on Public Policy. [redacted] could not recall which of the three accounts the \$100,000.00 checks were deposited into. [redacted] said, however, the two \$100,000.00 checks were deposited into a "non-Federal account" in the name of the National Council on Public Policy. [redacted] said one of the other accounts was a certificate of deposit (CD) in the amount of \$100,000.00 that just drew interest. [redacted] said that [redacted] was a signer on these accounts until he [redacted] became treasurer in February of 1987 and he then became a signer on the accounts.

[redacted] said he had nothing to do with the "non-Federal accounts" and his only responsibility was the submission of the reports relating to the Federal accounts to the Federal Election Commission.

Investigation on 2/9/90 at Washington, D.C. File # PX 58C-41605

by SAs [redacted] REB/khc Date dictated 2/9/90

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Continuation of FD-302 of [redacted]

, On 2/9/90

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[redacted] said that [redacted] were the signers on the Federal account in November of 1986, and recalled that [redacted] was the signer on the non-Federal account to which the two \$100,000.00 checks were deposited. [redacted] does not know the current whereabouts of either [redacted]. However, he said that the staff of Senator JOHN GLENN should know their current addresses.

[redacted] said that charitable groups with whom Senator GLENN is affiliated are the Mercury Astronaut Foundation and a Florida group involved with terminally ill children, but he could not recall the name.

[redacted] said that [redacted] would alert him when the Senator would be traveling, but he received no specific instructions concerning fundraising activity from anyone.

[redacted] said that [redacted] contacted him in the summer of 1985 indicating that CHARLES KEATING wanted to "help Senator GLENN." [redacted] said it was common knowledge at this time that GLENN was having difficulty in paying bills incurred from his presidential campaign activities and believes this is why [redacted] contacted him. As a result of the initial [redacted] contact, there was a meeting between CHARLES KEATING, Senator GLENN, KEATING's wife, and [redacted] in the senator's office at the Hart Building. During this conversation, KEATING told the senator that he was "a good man" and wanted to help. [redacted] does not recall if there was a specific amount of money mentioned at this initial meeting. [redacted] best recollection is the meeting occurred in July of 1985. [redacted] said at this time [redacted] owed approximately \$2 million to banks in Ohio for his campaign activity relating to the presidential candidacy. [redacted] said there was no discussion concerning the mechanics or delivery of the money and this was left to [redacted] to work out. [redacted] prepared a memorandum setting forth the details concerning the debts owed by the JOHN GLENN Presidential Committee. This memorandum further explained the Political Action Committee (National Council on Public Policy) as well as the non-Federal accounts and the characteristics concerning the reporting and nonreporting of the money. [redacted] recalled that KEATING told the attendees at this meeting that he was "maxed out" in contributions.

After the meeting and the memorandum was submitted, [redacted] later called [redacted] and said that he had chosen to contribute to the non-Federal account that was also entitled National Council on Public Policy. [redacted] said that prior to the

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Continuation of FD-302 of [REDACTED]

, On 2/9/90

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attorney who was familiar with the election laws. [REDACTED] said as a result [REDACTED] was contacted and he issued an opinion concerning the KEATING donation. This opinion would be part of the file that was maintained by the law firm of COVINGTON AND BURLEY.

[REDACTED] said that he believes Senator GLENN first met CHARLIE KEATING at his residence in 1982 (CHARLES KEATING's residence) during a fund raising party for Senator DENNIS DE CONCINI. [REDACTED] said that all this information would have been disclosed in the DUKAKIS Questionnaire which GLENN filled out as a potential vice president candidate in the DUKAKIS election.

[REDACTED] said that he first met KEATING either at the initial meeting at the Hart Building when he discussed the contribution to the JOHN GLENN Presidential Committee or [REDACTED] residence; however, he is not certain as to which meeting occurred first.

Subsequent to the contribution of the \$200,000.00, [REDACTED] said that he is unaware of any calls from KEATING or his associates requesting any information or activities conducted by the senator or his staff on behalf of KEATING, his associates, or business interests. [REDACTED] said, however, [REDACTED] would drop in and visit the senator and his staff; however, there was "never any attempt to link contributions with the requests for favors." [REDACTED] said this statement will also apply to KEATING, his associates, and business interests. [REDACTED] said, however, on one occasion [REDACTED] does recall that [REDACTED] an attorney for KEATING, requested a meeting with the senator asking to present information on the Direct Investment Rule. [REDACTED] called [REDACTED] and made this request. [REDACTED] recalled that this meeting, if it did occur, would have been in 1984 in the summer or fall. [REDACTED] said he believes the meeting with [REDACTED] and Senator GLENN occurred; however, he is not certain but this meeting would be documented in the Senator's files if it did occur.

[REDACTED] said that when meetings were scheduled for the Senator a "scheduler" is called and arranges a time in the Senator's day for the meeting. An administrative assistant or legislative staff member such as [REDACTED] who is a staff member for Savings and Loans and Finances, would arrange a meeting. [REDACTED] said that there would just not be a meeting scheduled without appropriate staff members and scheduling being involved.

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Continuation of FD-302 of [REDACTED]

, On 2/9/90

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[REDACTED] said that he is a registered lobbyist for AMERICAN CONTINENTAL CORPORATION (ACC), and he received approximately \$5,000.00 either from ACC or LINCOLN SAVINGS AND LOAN ASSOCIATION. [REDACTED] said at the time (1985) there was an industry-wide effort to support the Annunzio Bill. [REDACTED] asked [REDACTED] to help, and [REDACTED] responded by registering as a lobbyist and representing ACC in support of this bill. [REDACTED] said he is aware that [REDACTED] met with various trade groups to solicit their support for this bill. [REDACTED] said that JIM GROGAN also introduced him to a former congressman who was a lobbyist, and that [REDACTED] also was a lobbyist in support of the Annunzio Bill. [REDACTED] also recalled that [REDACTED] was a lobbyist and [REDACTED] worked for the firm of MILLER AND CHEVLIER, who represented LINCOLN SAVINGS AND LOAN ASSOCIATION.

[REDACTED] said that a complete list of lobbyists can be obtained from the Records and Registration Office located in the Longworth House Building on the First Floor in Room 1036.

[REDACTED] said that he and [REDACTED] have been friends since [REDACTED] worked as an unpaid intern in the Ohio office of Senator GLENN. [REDACTED] said that he believes [REDACTED] worked for Senator GLENN in the 1975 campaign and afterwards. [REDACTED] attended the University of Cincinnati Law School and briefly worked for a law firm and then went to work for ACC in Arizona. [REDACTED] relationship with the Senator and his staff is such that he has open access to the office. [REDACTED] said that he believes [REDACTED] went to work for CHARLIE KEATING in early 1984.

[REDACTED] invited the Federal Bureau of Investigation to return for interview should any additional questions arise.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/16/90

[redacted] Date of Birth [redacted]
[redacted] was interviewed in the presence of her attorney, [redacted]
[redacted]
[redacted] stated that [redacted]
[redacted] Washington, D.C. 20008, telephone number [redacted]
[redacted] provided the
following information regarding [redacted]
[redacted] information regarding CHARLES
KEATING and business associates.

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Investigation on 3/6/90 at Washington, D.C. File # PX 58C-41605
by SA [redacted] (Los Angeles Division) and
SA [redacted] REB/kf Date dictated 3/9/90

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/15/90

[redacted]
[redacted] Los Altos, California 94022, telephone [redacted] was advised as to the identity of the interviewing agents and the purpose of the interview at which time he advised as follows:

[redacted] advised his home address is [redacted] Mountain View, California. His date of birth is [redacted] and he was born in Groton, Massachusetts. His social security account number is [redacted]

[redacted] advised his company [redacted] are strictly real estate appraisers. They appraise both commercial and residential property. [redacted] has been an appraiser [redacted]

[redacted] recalls being contacted by one [redacted] from LINCOLN SAVINGS & LOAN, on or about October 22, 1986. He specifically recalls [redacted] asking him to give a quick appraisal of two properties owned by Senator ALAN CRANSTON. He specifically recalls [redacted] did not request a full appraisal. He simply requested a letter of opinion giving the current market value of the above mentioned properties.

[redacted] believes [redacted] was referred to him by either BEVERLY HILLS SAVINGS & LOAN and/or SOUTHWEST SAVINGS & LOAN. At that time [redacted] was doing appraisals for those two institutions.

[redacted] recalls [redacted] advised him something to the effect that [redacted] was doing some small refinancing on property which he owned in order to put capitol into his senatorial campaign.

[redacted] recalls this particular request was rather unique due to the fact he is not requested to give many letters of opinion and the fact the property he was to view belong to a United States Senator.

[redacted] recalls [redacted] gave him the addresses of 215 South Main Street, in Los Altos, California and 341 University Street in Palo Alto, California.

Investigation on 2/5/90 at Los Altos, California File # 58C PX-41605

by SA [redacted] and lk Date dictated 2/12/90
SA [redacted] GKM:adv

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56C LA-101615

Continuation of FD-302 of [REDACTED], On 2/15/90, Page 3*

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3. Various copies of property sheets from the REAL ESTATE DATA INC. The sheets show five different properties belonging to ALAN CANSTON in Santa Clara and San Mateo Counties.
4. A copy of two billing invoices to LINCOLN SAVINGS & LOAN, for \$100 each.
5. A copy of check stub indicating a check from LINCOLN SAVINGS & LOAN payable to [REDACTED] in the amount of \$200, on November 26, 1986.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/7/90b6
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[redacted] was interviewed at the office of his attorneys, [redacted] Washington, D.C., [redacted] The interview was conducted pursuant to the attached agreement dated [redacted] between the United States Attorney for the Central District of California and [redacted] Present during the entire interview on February 22, 1990, were [redacted] attorneys [redacted] Assistant United States [redacted] identified [redacted] After having been advised of the interviewing agent's identity and the nature of the interview, [redacted] provided the following information:

[redacted] stated he was born on [redacted] at [redacted] His social security number is [redacted] His home address is [redacted] Washington, D.C., and his place of business is [redacted] Washington, D.C. [redacted] said [redacted] planning for non-profit corporations. [redacted] said

[redacted]

[redacted]

Investigation on 2/22/90 at Washington, D.C. File # 58C-PX-41605
2/23/90
by SA [redacted] cpt Date dictated 2/28/90

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/90b6
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[redacted] was interviewed at the offices of [redacted]
[redacted] Pennsylvania Avenue, N.W., Washington, D.C., [redacted]
Present for the entire interview were Assistant United States
Attorney (AUSA) [redacted] and [redacted]
[redacted] Present for a portion of the interview was [redacted]
[redacted] The interview was conducted
according to the agreement dated [redacted] between the
United States Attorney for the Central District of California and
[redacted] which is attached hereto. After having been advised of
the interviewing agent's identity and the nature of the
interview, [redacted] provided the following information:

[redacted]

[redacted]

[redacted]

Investigation on 2/22/90 at Washington, D.C. File # 58C-PX-41605
56C-LA-101615
by SA [redacted] cpt Date dictated 3/1/90

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/26/90

[redacted]
California, [redacted] was advised as to the identity of the interviewing agents and the purpose of the interview at which time she advised as follows:

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[redacted] advised her date of birth is [redacted]
[redacted] social security account
number [redacted] California Driver's License
Number [redacted] is currently [redacted]

[redacted] California. [redacted] In
addition to that position, [redacted]
[redacted]

[redacted] confirmed the fact that [redacted]
[redacted] Senator ALAN CRANSTON, a Democrat from
California. [redacted]
[redacted]

Investigation on 3/13/90 at [redacted] California File # 58C-PX-41605
by SA [redacted] GRM/lkl Date dictated 3/26/90
SA [redacted]

56C-LA-101615

Continuation of FD-302 of [REDACTED], On 3/26/90, Page 2

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[REDACTED]

[REDACTED]

[REDACTED] confirmed the fact that in late 1987 or early 1988, she met CHARLES KEATING. Prior to actually meeting KEATING she recalls [REDACTED] ALAN CRANSTON went to see KEATING in Phoenix, Arizona, she believes in the latter part of 1987. [REDACTED]

[REDACTED]

[REDACTED] recalls actually meeting CHARLES KEATING in the very latter part of 1987 or early 1988. [REDACTED]

[REDACTED] She believes [REDACTED]

[REDACTED] does not recall discussing anything of substance with KEATING at that first meeting. In fact, she does not recall meeting with KEATING again. She does not recall ever sitting in a meeting with [REDACTED] ALAN CRANSTON, or CHARLES KEATING.

56C-LA-101615

Continuation of FD-302 of [REDACTED]

, On 3/26/90, Page 3

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[REDACTED]

[REDACTED] further advised she never went to Phoenix with [REDACTED] nor has she ever met CHARLES KEATING in Phoenix, Arizona.

[REDACTED] recalls prior to meeting KEATING to the best of her recollection, he was characterized by [REDACTED] as a very wealthy guy who possibly could be a large contributor.

[REDACTED] confirmed the fact she was well aware of the activities of the CENTER FOR PARTICIPATION IN DEMOCRACY. She had many discussions with [REDACTED] about CPD [REDACTED]

[REDACTED] She believes the main focus of CPD seemed to be on an experimental basis in the state of California regarding voter registration. She recalls it was to be a non-partisan voter registration drive and if it was successful then the drive would be initiated throughout the country. She does recall a company called AMERICA VOTES and believes it may have been the vehicle to facilitate the voter registration drives throughout the country.

During the discussions with [REDACTED] regarding CPD she was well aware that he was committed to voter registration and well aware the activities must be conducted in a non-partisan basis. She advised [REDACTED] was also well aware that targeting those individuals would result in mostly Democratic registration, however, he never mentioned to her that targeting those individuals was a strategy to strictly register Democrats as opposed to Republicans. He just seemed to be very committed and obsessed with more people getting out to vote. He would frequently use the example of some former President who was elected based on only one-third of the American population voting.

[REDACTED] advised she has no knowledge regarding the contributions or contributors to the CPD. She made telephone calls urging people to register to vote and to get out and vote, however, she was not involved in fund raising.

56C-LA-101615

Continuation of FD-302 of [REDACTED], On 3/26/90, Page 4

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[REDACTED] does not recall having any discussions with [REDACTED]
[REDACTED] ALAN CRANSTON or anyone else regarding the savings and
loan problems of CHARLES KEATING. At the time she was associated
[REDACTED] she does not believe the KEATING problems
were publicized on a grand scale.

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 6/4/90

[redacted]
[redacted]
Seattle, Washington 98101 [redacted] telephone [redacted] was advised of the identity of the interviewing Agent and the nature of the inquiry; thereafter provided the following information:

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[redacted] advised he was born on [redacted] He is

[redacted]

[redacted]

[redacted]

Investigation on 5/29/90 at Seattle, Washington File # 58C-PX-41605

by SA [redacted] jmb Date dictated 5/30/90

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FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 6/6/90

[redacted] also known as [redacted]
[redacted] was
contacted at his office located at [redacted]
[redacted] office telephone [redacted]
[redacted] was advised of the identity of the
interviewer and of the nature and purpose of the inquiry.

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Investigation on 5/23/90 at [redacted] File # 58C-PX-41605
by SA [redacted] l-jf Date dictated 5/24/90

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FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 5/30/90

[redacted]
[redacted] telephone [redacted] was contacted at the
[redacted] After being
advised of the identity of the interviewing agent and the purpose
of the interview, he provided the following:

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Investigation on 5/25/90 at [redacted] File # 58C-PX-41605
by SA [redacted] jmb Date dictated 5/29/90

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 5/23/90

[redacted]
[redacted] was advised of the identity of the interviewing Agent and the purpose of the interview. He provided the following information:

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[redacted] stated that [redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]
[redacted]

Investigation on 5/21/90 at [redacted] File # [redacted] 58C-PX-41605

by SA [redacted] mlm Date dictated 5/21/90

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/8/90

[redacted]
[redacted]
Texas, mailing address [redacted] Texas
75261-9026. telephone number [redacted] residence [redacted]

[redacted] Texas 76092, telephone number [redacted]
[redacted] provided the following information:

[redacted] said that [redacted] FEDERAL
HOME LOAN BANK BOARD (FHLBB), established the Enforcement Review
Committee (ERC). [redacted]
[redacted] said its members were [redacted]
[redacted] said the voting
members were [redacted] said that when
[redacted] formed the ERC and it became known that [redacted]

[redacted] FEDERAL HOME LOAN BANK (FHLB), suggested that [redacted] should
become a member.

[redacted] said his membership on the ERC was his first
exposure to LINCOLN SAVINGS AND LOAN ASSOCIATION (LSLA) and
CHARLES KEATING. [redacted] said he did not know the genesis of the
Memorandum of Understanding (MOU); however, he believes that the
Office of Regulatory Activities (ORA) had been working on a draft
MOU with officials of LSLA. [redacted] said that [redacted] was
[redacted] stated he further
believes that ORA had not been able to get anywhere with this
draft MOU, and this is when it was decided to involve the ERC in
an effort to reach a solution. [redacted] believes that the
original draft MOU that was being discussed with ORA and LSLA was
incorporated into the process which evolved the MOU that was
executed between LSLA and the FHLBB one year later. [redacted] said
he is unaware of any MOU that was proffered by LSLA to ORA.

[redacted] said that the ERC met nine times and the
meetings evolved into three options that were presented to the
FHLBB for voting. [redacted] recalls that option 1 was chosen by
the board, and that this option incorporated the transfer to
supervision from the San Francisco Bank District and also set the
perimeters for another examination to be conducted independent of

Investigation on 5/24/90 at Dallas, Texas File # PX 58C-PX-41605

by SA [redacted]/mc Date dictated 5/29/90

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Continuation of FD-302 of [REDACTED]

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San Francisco. (It should be noted that [REDACTED] was provided an agenda for February 16, 1988 special meeting of the ERC, which refreshed his memory and a copy of this agenda is attached to this document.)

[REDACTED] said that he believes that the ERC meetings were conducted in a manner in which there was no pre-arranged direction for the committee to go. However, [REDACTED] stated that [REDACTED] who was on the committee, may have had a pre-conceived notion due to his involvement with ISLA, and the fact that the thrift had become such an important issue. [REDACTED] told [REDACTED] that he believed that ISLA was "salvageable" and would be less of a loss to the insurance fund if the current management continued in their present position. [REDACTED] said he recalls [REDACTED] saying that, "If anyone can work out the deals, it would be Charles Keating, because he has such intimate knowledge".

[REDACTED] said that [REDACTED] normally ran the ERC meetings; however, [REDACTED] was considered the official chairman.

[REDACTED] said that the meeting of March 25, 1988 of the ERC stands out in his mind, because at this time CHARLES KEATING and his associates presented their side to the ERC. [REDACTED] said that originally officials of ISLA were to present their case on March 14, 1988; however, they refused to attend a meeting where regulatory officials from San Francisco were present. [REDACTED] said he recalls that the meeting on March 25, 1988 was a result of mediation with KEATING, because he refused to appear at any meeting where representatives from the San Francisco bank district would be present. KEATING, however, agreed to meet when only [REDACTED] would be present from the San Francisco bank district. [REDACTED] said that KEATING did not contribute much to this meeting; however, the "sales pitch" was made by [REDACTED] and [REDACTED]. [REDACTED] said he did ask KEATING about the fact that his political donations and use of political influence. KEATING responded by saying, "I do make contributions, it's the American way, and only once have I asked someone to do something and that was in my anti-porn cause". [REDACTED] said he asked this question because he was thinking primarily about the local politicians and KEATING's ability to get whatever zoning he desired.

[REDACTED] said that [REDACTED] made a very impassioned plea, and, in fact, he became so involved in his presentation that his veins in his neck stood out prominently. [REDACTED] who had been introduced as an "outside accountant", also made a very passionate plea indicating that ARTHUR YOUNG ACCOUNTING FIRM stood behind ISLA. [REDACTED] said that the accounting opinion was not only his, but the opinion had been reviewed by the highest officials of ARTHUR YOUNG in New York,

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Continuation of FD-302 of [REDACTED]

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and it was their opinion also. [REDACTED] said of all the individuals who made a presentation on behalf of ISLA, the statements made by [REDACTED] were the most influential on him and had a direct bearing on his decision making process. [REDACTED] specifically said that the "accounting treatment and asset appraisals" conducted by the San Francisco examiners was incorrect. [REDACTED] said that his assessment of these also had gone to the highest level of ARTHUR YOUNG and they concurred with his [REDACTED] findings. [REDACTED] said that he was "absolutely certain that the regulators were wrong and his firm was correct". BARCLAY said it was quite obvious, from the way [REDACTED] talked about various transactions, that he had detailed knowledge and understood these transactions. [REDACTED] specifically alluded to the PHOENICIAN HOTEL and the PONTCHARTRAN HOTELS and disputed the San Francisco examiners' analysis of these two properties.

[REDACTED] said that [REDACTED] said, "We will go down dying. We won't agree to a regulatory process being carried out by incompetent people". [REDACTED] again said that [REDACTED] became very emotional during his presentation to the ERC. [REDACTED] said [REDACTED] eyes were bulging out, and the veins in his neck were also standing out. [REDACTED] also referred to the alleged leaks that were coming from within the FEDERAL HOME LOAN banking system and said, "This is proof that you can't do business with the San Francisco people".

[REDACTED] said that [REDACTED] was also present during the ISLA presentation; however, she had little to say.

[REDACTED] said that KEATING also stated during this meeting that he did not attempt to hire [REDACTED] KEATING said that he had taken a "failed institution off the back of the FSLIC". KEATING further stated that the FEDERAL HOME LOAN BANK OF SAN FRANCISCO knew that he was not going to be a traditional thrift operator as they asserted.

[REDACTED] said that in May or June, 1988, KEATING called [REDACTED] in Dallas. KEATING indicated that there had been a "understanding" with ORA and stated, "I would like to come to your district". KEATING said he would have an attorney call [REDACTED] to set up a meeting to discuss KEATING's transfer to the Dallas bank district. KEATING said he wanted to move out of the San Francisco district. [REDACTED] said shortly thereafter an attorney, whose name he does not recall, but believes he was an official with ISLA, called and arranged for a meeting in Dallas to discuss the transfer of ISLA within the Dallas banking district.

[REDACTED] said that immediately after he had received these telephone calls, he called [REDACTED] and told him he believed that the meeting was inappropriate. [REDACTED] said he

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Continuation of FD-302 of [redacted], On 5/24/90, Page 4

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could not tell if [redacted] had independent knowledge of KEATING's telephone call. [redacted] said that, however, after the telephone call to [redacted] KEATING's attorney called [redacted] and canceled the meeting that they had previously discussed. [redacted] said the conversation with [redacted] concerning KEATING's call was the only conversation that [redacted] had with [redacted] outside of the ERC meetings.

[redacted] said he is unaware of the evolution of the application of the (MOU) because at no time was the MOU discussed as an enforcement tool during the ERC meetings. [redacted] said that during the ERC meetings, the mildest form of an enforcement tool to be utilized was the supervisory agreement. [redacted] said he recalls that [redacted] was even in favor of a stronger document that could be enforced in a court. This alone would have disqualified an MOU, because an MOU is not enforceable in court. [redacted] stated that he recalls discussing the fact that there should be a new examination of ISLA, but during this time ISLA should be put in a "standstill position". [redacted] said he believed that KEATING would tie the FHLBB up in court for many years if they didn't take a strong enforcement stance. [redacted] said that during the ERC meetings, he does not recall any discussion concerning the examination of the holding company, AMERICAN CONTINENTAL CORPORATION. [redacted] said he further does not recall any discussions concerning a time constraint by which the examination should be completed. [redacted] said that he never saw the final MOU executed between the FHLBB and ISLA. [redacted] said he did not learn that a MOU was used until the House Banking Committee testimony. [redacted] said he was shocked when he learned that the MOU was used, because he recalls [redacted] lengthy discussions about a document which would be legally enforceable against ISLA. [redacted] said he "never envisioned an MOU coming out of the ERC process".

[redacted] said that prior to the ERC meeting that pertained to ISLA, DOCHOW sent a memo to [redacted] for review. [redacted] then passed this memo to [redacted]

[redacted] and his staff wrote a memo commenting on [redacted] memo. [redacted] could not recall the details of the [redacted] memo; however, he recalled that [redacted] and his staff agreed there should be strong enforcement action against ISLA. The [redacted] memo was also against supervisory transfer of ISLA from the San Francisco district bank.

[redacted] said the only other person whom he had a discussion with concerning ISLA and KEATING was with [redacted] who came to Dallas after the July, 1988 thrift examination of ISLA had begun. [redacted] said that new information was found in addition to that found during the March, 1986 examination. [redacted] believes that the holding company examination had started because [redacted] referred to the ESOP

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Continuation of FD-302 of [redacted], On 5/24/90, Page 5

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plan and the fact that KEATING had been selling his stock to LSLA.

[redacted] recalls that when the FHLBB voted on the recommendation that the ERC had proposed, this vote was during a conference call and at this time, there was absolutely no mention of utilizing an MOU as the enforcement tool. [redacted] said at this time [redacted] was still discussing a court enforceable document and was thinking way past an MOU and was suggesting either a supervisory agreement or a Cease and Desist Order. [redacted] said at this time there was no discussion that a supervisory agreement or an MOU were to be interchangeable.

[redacted] further stated that at no time during any of his meetings concerning LSLA was there ever a discussion concerning the "side letter" that was written by [redacted]. [redacted] said he was again shocked when he learned of this side letter which she had sent to LSLA.

[redacted] said that he is aware that [redacted] had negotiated the first MOU that he had described as the "failed MOU" with [redacted] and he believes that the MOU that was ultimately signed was an effort to comply with the bank board's decision to issue an enforcement document pertaining to LSLA. [redacted] stated he is absolutely certain, however, that the MOU was never discussed in the ERC meetings, and an MOU was not discussed when the board took the vote on LSLA. [redacted] said he does not know who chose the MOU as a tool, but believes it was the "implementation" of the board's vote. [redacted] said, in affect, he would be surprised if any of the board members, if asked, if they had an MOU in mind, would answer that they did.

[redacted] said, as previously mentioned, the only persons he discussed LSLA with were the ERC members and the one telephone conversation with [redacted] regarding CHARLES KEATING attempting to transfer to the Dallas district. [redacted] said he did recall talking to [redacted] a member of the FHLBB, and that [redacted] told him that CHARLES KEATING had supplied a file which was "damaging to the system"; however, [redacted] does not recall [redacted] being specific in identifying the damaging information pertaining to San Francisco or just the banking system in general. [redacted] said he does not know the disposition of this file, only that [redacted] mentioned the fact to him.

[redacted] said that he asked for [redacted] resignation, as well as his two top aids, [redacted]. [redacted] said he did not receive any instructions from Washington, D.C., specifically [redacted] concerning the resignation requests. [redacted] said he discussed the resignation of [redacted] however, as stated before, they did not offer any suggestions or direct [redacted] to ask for [redacted] resignation.

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Continuation of FD-302 of [redacted], On 5/24/90, Page 6

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[redacted] said [redacted] he believed that he had to assert his authority and saw [redacted] as "not a team player". [redacted] further stated that a Peer Review had just been completed of the Dallas bank district. This review was supervised by [redacted] of the Cincinnati, Ohio bank district. [redacted] said that he had several meetings with [redacted] and had "sensed" a bad review was to follow. [redacted] said he saw the report before it was finalized and discussed its contents with [redacted] and this was when [redacted] told them he intended to ask for [redacted] resignation. [redacted] said that when he told [redacted] he did say that "It was you or me"; however, this statement did not mean that [redacted] had instructed [redacted] to ask for [redacted] resignation and if he would not, then they would ask for his.

[redacted] said, however, the Peer Review audit was "an over stated and hatchet job of the Dallas bank district". [redacted] also stated that the Peer Review process may have been a mechanism through which "old line OCC people were being removed from the thrift industry". [redacted] said essentially the Peer Review audit was "an indictment of Dallas" and when [redacted] became aware of this he did, in fact, call [redacted] and suggested an ongoing reporting process to take care of the problems as perceived in the report. [redacted] said that [redacted] ultimately became the director of supervision after [redacted] departure, and [redacted] was as an aggressive regulator as was [redacted]. [redacted] said he wanted to make it clear that [redacted] was considered a good regulator; however, [redacted] perception of [redacted] was that he was not a team player and [redacted] needed to remove him and his two top aids to display the fact that he was the president of the bank district.

Attached to this document is the agenda for February 16, 1988 special meeting of the ERC, which was utilized to refresh [redacted] memory during this interview.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/8/90

[redacted]
[redacted] Dallas, Texas 75201, telephone number [redacted]
[redacted] residence [redacted] Texas
75063, telephone number [redacted] provided the following
information:

[redacted] stated that he was employed by the FEDERAL HOME
LOAN BANK OF DALLAS (FHLBD) from July 1986 until July 1988.
While employed by the FHLBD, [redacted]
[redacted]

[redacted] said that while he was employed by the FHLBD,
he worked directly for [redacted] said that he was aware
of the [redacted] memo that [redacted] was asked by [redacted]
[redacted] to comment on. [redacted] said,
however, he did not contribute to SELBY's response.

[redacted] said that [redacted] was either on or attending
Enforcement Review Committee meetings in Washington, D.C. when
there was discussion concerning LINCOLN SAVINGS AND LOAN
ASSOCIATION (LSLA). [redacted] said that he was aware that [redacted]
position was in support of the San Francisco bank district
findings regarding LSLA. [redacted] said that after [redacted]
[redacted] commented on the [redacted] memo, all were asked to resign
by [redacted]

[redacted] said that he was asked to resign in April,
1988, and believes that the official reason for the resignation
of himself, [redacted] was the completion of a "peer
review", which was conducted by the Cincinnati FEDERAL HOME LOAN
BANK (FHLB). [redacted] said he recalls upon [redacted] departure from
the FHLBD, "There were daggers out for him". [redacted] said that
he believes that the peer review was in either February or March,
1988. [redacted] said that the peer review criticized [redacted] for not
identifying the magnitude of the Texas savings and loan crises
and providing corrective action. [redacted] said, however, during
[redacted] tenure, there had been strong enforcement and a furor had
arisen as a result. [redacted] was at the center of criticism for the
strong enforcement. [redacted] said that prior to [redacted] tenure,
the past regulators had been effective and thrift members were on

Investigation on 5/24/90 at Dallas, Texas File # PX 58C-PX-41605

by SA [redacted] mc Date dictated 5/29/90

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the board of the Dallas bank. [REDACTED] tenure resulted in a loud outcry to Congress by these members. [REDACTED] said, in fact, Speaker of the House JIM WRIGHT became personally involved and even called for [REDACTED] resignation. [REDACTED] said that while he was at the FHLBD, there were over two hundred, and possibly three hundred, thrifts taken over or their activities severely curtailed. [REDACTED] said that the criminal referrals to the DEPARTMENT OF JUSTICE also increased dramatically during this time period. [REDACTED] formed a group within his department, which was entitled the Department of Investigations and it dealt with the "wrong doings" in the bank district and created a more efficient means to make criminal referrals.

[REDACTED] said that while he was employed by the Dallas bank, he had been rated superior by his supervisors. After he was asked for his resignation, he was even supplied a letter of recommendation, dated April 29, 1988, which was signed by [REDACTED]. [REDACTED] provided a copy of this letter, and it is attached to this document.

[REDACTED] said that after the peer review was concluded, there was an informal "findings hearing", which was conducted by [REDACTED]. During this hearing, the peer review report indicated that losses had been hidden, therefore, not identifying the magnitude of these losses. [REDACTED] said in effect the peer review report focused on one thrift that had been inadequately examined. As a result, [REDACTED] had sent the examiners back for more information, and this was what the peer review report cited as "a delayed report". The peer review report made a "broad sweeping statement" that the losses were being under estimated. [REDACTED] then stated at the conclusion of this meeting, "I am going to have to talk to [REDACTED] about the greater losses that are being shown now". [REDACTED] said that normally after the peer review audit is completed, the bank under review always gets an opportunity to rebut the findings; however, this was not allowed, and the outcome was the resignations of [REDACTED] and [REDACTED]. [REDACTED] said, in fact, programs were in place; however, there was no opportunity given to defend the position of the Dallas bank.

[REDACTED] said that the Monday after the informal peer review meeting, [REDACTED] was asked to resign and on Tuesday he and [REDACTED] were also asked to resign.

[REDACTED] said that [REDACTED] informed him of the resignation request, and said at the same time he had been pleased with [REDACTED] work effort. [REDACTED] said he was, however, making a "clean sweep of [REDACTED] people to get rid of the [REDACTED] influence". [REDACTED] never fully explained what inspired the resignation requests; however, it was clear to [REDACTED] that the official reason for the resignation requests was the peer review audit. [REDACTED] characterized this as a "mechanism to

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Continuation of FD-302 of [redacted], On 5/24/90, Page 3 b6
obtain the resignations". b7C

[redacted] offered press clippings to the FEDERAL BUREAU OF INVESTIGATION (FBI), which were favorable to [redacted] and stated that [redacted] in a Washington newspaper, characterized the resignations as "political". [redacted] said that [redacted] in fact, showed this newspaper article to him.

After [redacted] resignation, [redacted] contacted him and offered [redacted] a consultant contract to do a thrift industry study. [redacted] said that he recalls [redacted] telling him that his [redacted] and [redacted] resignations were uncalled-for. [redacted] said he worked for the FEDERAL HOME LOAN BANK BOARD (FHLBB) for approximately three months, July to October, 1988. [redacted] said that during this period of time, he had no conversations with [redacted] concerning ISLA, CHARLES KEATING or any of the politicians who were later identified as helping KEATING. [redacted] characterized his contacts with [redacted] during this three month period, as thrift industry discussions and conversations concerning his study. [redacted] said that his study showed that the healthy element of the thrift industry was involved in making traditional home loans not involved in the risk investments in real estate and junk bonds. [redacted] said that his study further showed that the healthy thrifts had a modified growth rate and not the explosive growth rates that were experienced by the savings and loans that ultimately failed. [redacted] also said his study showed that good management was equated with conservative leadership. [redacted] said he presented his findings to [redacted] who was a [redacted] deputy. [redacted] said although he never had the opportunity to discuss his report in a conclusive fashion, he did have informal conversation with [redacted] knew generally the direction [redacted] study was going and knew what conclusions would have been developed.

[redacted] said that in his opinion [redacted] replacement, [redacted] was as aggressive as [redacted] and, in fact, had been trained and had worked for [redacted] for many years at the OCC and his philosophical view was the same as [redacted]

[redacted] said that he was aware that Speaker JIM WRIGHT had called for [redacted] firing while [redacted] FHLBB. [redacted] said, in his opinion, the firing was politically motivated, and, again, reiterated that the Washington newspaper arrived at the same conclusion.

[redacted] said that while he was in Washington, D.C., he became aware of the [redacted] demotion. However, he is unaware of what motivated this demotion, except he knew that [redacted] fully supported the San Francisco bank district's treatment and enforcement recommendations regarding ISLA.

[redacted] said that he is unaware of the genesis of the Memorandum of Understanding (MOU) executed between the FHLBB and ISLA. [redacted] said, however, he is aware that the MOU is not a

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Continuation of FD-302 of [REDACTED]

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tool used within the thrift industry, and it was never used while he was employed at the Dallas bank. [REDACTED] said there is no legal basis to enforce the provisions of an MOU if there are violations. [REDACTED] said that if an MOU were to be used, it would normally be used with a cooperative management for very minor problems. [REDACTED] said that, as he stated before, he is unaware of its use within the thrift industry, and his knowledge of the usage came from his exposure to its use while employed with the OCC.

[REDACTED] said that he has a Bachelor of Science and Finance from REDER COLLEGE, and a Master of Science from the STONER GRADUATE SCHOOL OF BANKING, RUTGERS UNIVERSITY, New Brunswick, New Jersey. ,

Attached to this document is a letter dated April 29, 1988, signed by [REDACTED] which is a letter of recommendation for [REDACTED] and two copies of newspaper articles concerning [REDACTED] resignation.

William L. Robertson
Managing Director



Office of Regulatory Policy

Oversight and Supervision

Federal Home Loan Bank System
900 Nineteenth Street, N.W.
Washington, D.C. 20006
202-778-2500



WALTER H. FAULK



H. JOE SELBY

Selby Out at Dallas FHLB

DALLAS.—H. Joe Selby, who was recruited in 1986 to upgrade the supervisory function at the Federal Home Loan Bank here, resigned last week at the apparent urging of the bank's new president.

Two other senior officers in the regulatory affairs division of the Dallas bank also resigned.

Walter H. Faulk, who worked with Mr. Selby at the Dallas bank, now a senior vice president of the FHLB in Atlanta, was named as a temporary replacement.

Another supervisory official told NTN that Mr. Faulk's assignment is for "30-35 days," and if no permanent replacement is found someone else will be rotated in.

Mr. Selby, a former acting Comptroller of the Currency, reportedly did not fare well in a peer review conducted by officers of other banks in the system.

However one FHLB executive said "I think this (the resignation) would have happened soon regardless of the peer review results."

Mr. Selby's resignation generally is believed to have been caused by the rivalry that developed when he and George Barclay competed to succeed Roy G. Green as president last fall.

Mr. Barclay, in a statement, said that he needs "to take control" of the restructuring process now underway in the beleaguered district.

He said that "any person in this position needs to be comfortable with the people reporting to him."

Resigning along with Mr. Selby were Craig M. Stirnweis, senior vice president for regulatory affairs and Howard Blacker, vice

president and associate director of regulatory affairs.

Both had been with the Comptroller's office before joining the Dallas bank.

One source cited a difference in "cultures" as a factor in the actions last week.

Mr. Selby could not be reached for comment on his decision to leave the bank.

He joined the FHLB System at the

specific urging of former FHLBB chairman Edwin J. Gray.

Mr. Selby was immediately unpopular with thrifts in the district, particularly in Texas, where he was accused of sending out "hit squads" intent on deposing managements.

But as a supervisory official in another district phrased it, "you have to assess his (Mr. Selby's) performance in the context of what was there when he arrived."

"You can't expect the operation to be perfect after just two years," the executive said.

In a statement for NTN, Mr. Barclay praised the "substantial contribution" made by Mr. Selby.

He said that now "the focus is to continue the progress of the last 18 months and to concentrate on the implementation of the Southwest plan."

The FHLB president said "an important part of the Bank Board's consolidation effort will be coordination between Washington and the Dallas bank."

S&L regulator recalls tenure of action, intrigue

BY STEVE ZUCKERMAN
Fort Worth Star-Telegram

The portrait painted by H. Joe Selby of his tenure as chief regulator of the Federal Home Loan Bank of Dallas is one of an emotion-charged atmosphere rife with electronic eavesdropping, corporate intrigue and a rumored plot to have him kidnapped.

One might call his story *Fear and Loathing in Las Colinas*.

"It was an emotion-charged and energy-charged period of time," Selby said yesterday, six weeks after stepping down as director of regulatory affairs for the Federal Home Loan Bank of Dallas, which oversees savings and loans in Texas, Mississippi, Louisiana, Arkansas and New Mexico.

Selby, a 56-year-old native of Ganado on the Gulf Coast who was nicknamed "Rambo" because of his aggressive regulatory stance, said he

feared for his safety after "a very good thrift operator told me he had attended a meeting where the participants were casually discussing kidnapping me."

"I never received any death threats," said Selby, who in 1985 served for seven months as acting comptroller of the currency in Washington. "But I had been told about the kidnapping."

"Maybe it was just paranoia. But the atmosphere was so electric. That's when I told Roy

(Green, then-president of the Federal Home Loan Bank of Dallas) that my mental and physical health were being affected."

Selby, who held the No. 2 spot at the agency from May 1986 until April 29, declined to name the S&L operator who told him about the kidnapping plot.

But he said he also recommended that Green approve an electronic "sweep" of Selby's office

(More on SELBY on Page 4)

Selby

From Page 1

and home after an employee discovered an eavesdropping device attached to his home telephone.

Green, president of the Federal Home Loan Bank of Dallas until September 1987 and now president and chief executive officer of County Savings Bank in Santa Barbara, Calif., said a telephone interview yesterday that he approved Selby's request and ordered a sweep of the phones at the agency, which is based in Las Colinas.

"On several occasions we also talked about the intense pressures Joe was feeling due to his responsibilities," said Green, who credits Selby with doing "an outstanding job that saved the Federal Savings and Loan Insurance Corp. hundreds of millions of dollars."

George Barclay, current president of the agency, and M. Danny Wall, chairman of the Federal Home Loan Bank Board in Washington, were unavailable for comment yesterday.

In a statement issued at the time of Selby's resignation, Barclay said, "He (Selby) helped guide the ninth district during a difficult period. I appreciate the substantial contributions he has made."

"I felt it necessary to structure the organization to meet the new challenges before us."

Selby discounted suggestions that he was pressured to resign because of an unfavorable peer review by the Cincinnati Home Loan Bank.

Selby, who worked from 1954 to 1986 as a bank regulator for the Office of the Comptroller of the Currency, encountered resistance from some thrift operators who believed his tough regulatory positions were inflexible and

designed to remove them from their positions.

Selby helped shut down three insolvent thrifts: Western Savings and Loan Association and Vernon Savings & Loan Association, both in Dallas, and Independent American Savings and Loan Association in Irving.

All were reopened under the federal government's Management Consignment Program. Under that plan, a thrift is taken over by regulators, who then hire managers — usually from another thrift — to run it.

"Some people thought he enjoyed his job too much," said Frank Anderson, senior vice president of D. Latin & Co., a Dallas consulting firm.

"Maybe his personality got in the way. With that kind of job you can get caught up in the politics of the situation pretty easily."

Gerald Hartman, president and chief executive officer of Colonial Savings and Loan Association in Fort Worth, said Selby was a tough regulator — "an action-oriented guy."

"I think he did a good job," Hartman said. "He seemed to be very adamant about telling it like it is. But we think that's what you're supposed to do in his position."

Selby, who plans to stay in Dallas and

is pursuing a job in the private sector, said he is proud of what he accomplished at the regulatory agency.

"I have no regrets about being there," Selby said. "I have a sense of accomplishment and a sense that my departure hurt the thrift industry and the system."

"It didn't hurt me. They need me and people like me."

When Selby arrived in Las Colinas, the Federal Home Loan Bank of Dallas was conducting more than 250 thrift examinations. He was charged by Green with cleaning up troubled or insolvent savings and loans in the five-state region.

"It was the worst financial crisis I had ever seen in my career," Selby said. "I was shocked. Local supervision was not in the 20th century. The Dallas Bank Board needed procedures, policies, discipline and leadership — which I gave them."

Selby said he helped improve the method of thrift examinations. Aided by new regulations enacted by the Federal Home Loan Bank Board in Washington in December 1985, Selby directed the staff to examine a thrift's loan portfolio based on credit quality, the borrower's ability to repay, net worth of the borrower and the value of any col-

lateral.

Previously, thrift examiners relied almost totally on real estate appraisals, Selby said.

"The thrift industry before deregulation primarily was making single-family mortgage loans," he said. "And examiners as a group were relying almost totally on appraisals. Deregulation brought changes, but examiners didn't adapt."

Selby said he was not concerned when some politicians questioned his examinations of several thrifts.

Donald Dixon, ex-owner of Vernon, had many friends in Congress. House Speaker Jim Wright, D-Fort Worth, intervened with regulators on behalf of Vernon in 1986.

Thomas Gaubert, head of Independent American, was a prominent Democratic money raiser.

"There were several congressmen that were concerned for their constituents out of a perception that I was running customers out of business and hurting real estate developers," Selby said.

He declined comment on the effectiveness of the Southwest Plan, the government's blueprint for cleaning up many of the nation's troubled thrifts.

"It depends on the economy and whether it rebounds and helps FSLIC."

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 5/31/90b6
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[redacted] [redacted] Dallas, Texas 75205, telephone number [redacted] and [redacted] provided the following information.

[redacted] said that he was employed [redacted] FEDERAL HOME LOAN BANK of Dallas [redacted] Prior to this [redacted] was employed with the office of the Comptroller of Currency (OCC) [redacted]

[redacted] said that he has been a bank examiner all of his adult life.

[redacted] said that in the fall of 1987 [redacted] and at about the same time [redacted] established the Enforcement Review Committee (ERC) at the [redacted] FEDERAL HOME LOAN BANK [redacted] said that the ERC was made up of [redacted] [redacted] said that as a result of his working for [redacted] who had little supervisory experience, he [redacted] asked [redacted] to accompany him to Washington, D.C. to attend the ERC meetings.

[redacted] said that he only attended two or three meetings and the last meeting he attended concerned a LINCOLN SAVINGS & LOAN ASSOCIATION (LSL).

[redacted] said that prior to the meeting [redacted] had supplied him with a memo that had been prepared by [redacted] that contained information about LSL. [redacted] said that [redacted] asked him to review this memo and prepare another memo with his opinion. [redacted] said that he and two staff members, [redacted] and [redacted] reviewed the [redacted] memo and prepared a memo for [redacted] [redacted] said that his memo essentially supported the need for strong enforcement concerning LSL and essentially agreed with the findings of the San Francisco Bank Examiners.

Investigation on 4/23/90 at Dallas, Texas File # 58C-41605
by SA [redacted] sla Date dictated 5/31/90

58C-41605

Continuation of FD-302 of _____, On 4/23/90, Page 3

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the Dallas Bank. _____ told _____ that the asking for his resignation was _____ said after he was asked for his resignation _____ was asked to resign as was _____ said that when _____ told him that he was to resign _____ said "it's either you or me". _____ further told _____ that "I rue the day that you and _____ are fired". _____ responded by saying "I may not be here in six months".

_____ said that he was aware that Speaker of the House, JIM WRIGHT, had asked _____ to fire _____ however, _____ is not aware if WRIGHT made this request of _____

_____ said that he believes that there is a built-in excuse for his termination and the use of a "peer review" by the Cincinnati District Bank was the mechanism through which he _____ was asked for his resignation. The peer review had been scheduled by _____ in an effort to "get rid of _____". A peer review was conducted during March and April of 1988 and attacked the Dallas supervision which was _____ responsibility. After this peer review was completed, _____ went to Washington, D.C. to discuss with WALL the peer review. _____ said this is when he learned that he was going to be asked to resign. _____ said that while he was Director of Supervision, the criminal referrals in the Dallas Bank District went from three to over one thousand and approximately two to three hundred thrifts were taken over or their activities severely restricted. _____ said the peer review was initially scheduled for the Dallas Bank District upon his employment with the Bank District, however, it had been rescheduled to allow the Bank District time to reorganize and implement new policy.

_____ said that the Southwest Plan had just been initiated in the coordination in Washington, D.C. _____ learned that _____ did not want _____ involved in this as well. _____ asked _____ assistant, _____ if _____ wanted _____ out. _____ responded by saying no and that they _____ did not want to expose _____ to the harsh attacks he had in the past been exposed to as a result of the new plan to help the Texas Thrifts.

_____ said that he believes _____ and _____ were asked to resign because they were _____ main staff of members.

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Continuation of FD-302 of [redacted], On 4/23/90, Page 4

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[redacted] said that after he had learned that [redacted] was going to ask for the resignations of [redacted] confronted [redacted] and told him that "he would rue the day" when he and [redacted] were fired.

It should be noted that the above interview occurred in

[redacted]
[redacted] Dallas, Texas.

Attached to this report is a copy of the ERC meetings schedule which refreshed [redacted] memory.

On June 13, 1990, [redacted] by U.S. mail provided two memos dated February 18, 1988 and April 27, 1988. The February 18, 1988 memo is the [redacted] memo prepared in response to the [redacted] memo. The April 27, 1988 memo reflects [redacted] sentiment regarding [redacted] as a regulator. These memos are attached to this report.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/5/90

[redacted]
[redacted]
[redacted] Irving, Texas 75016-0969, telephone number [redacted]
[redacted] residence [redacted] North Dallas, Texas
75248, telephone number [redacted] provided the following
information.

[redacted] said that he was employed by the FEDERAL HOME
LOAN BANK OF DALLAS (FHLBD) [redacted]
[redacted]

[redacted] said his only exposure to the LINCOLN SAVINGS
AND LOAN ASSOCIATION (LSLA) when he was asked to comment on a
[redacted] memo by [redacted]. The memo that
he was asked to review was a historical summary of the activities
of LSLA from the beginning to its current status. [redacted] said
he drafted a memo for [redacted] said that he recalls that
the [redacted] memo took essentially three positions on LINCOLN
SAVINGS AND LOAN (LSL), (1) transfer of supervisory authority,
(2) additional exam needed, and there were three alternatives
listed to facilitate enforcement action regarding LSL.

[redacted] said that his memo essentially supported a
case for receivership of LSL. [redacted] said, in fact, the
[redacted] memo layed out a "good case for the receivership".
[redacted] said that his memo said that the postponing of any
enforcement action regarding LSL would aggravate the situation
and create an increased risk to the FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION (FSLIC). [redacted] said that his memo
reported the issue that the FEDERAL HOME LOAN BANK OF SAN
FRANCISCO MANAGEMENT was a separate issue as was its relationship
with LSL. [redacted] said that he discussed both memos with
[redacted] DALLAS FEDERAL HOME LOAN
BANK; however, [redacted] was non committal, and appeared not
interested in the [redacted] memo.

In April of 1988 [redacted] called [redacted] from
Washington, D.C. [redacted] believes that this telephone call was
on a Tuesday. [redacted] said that [redacted] had been attending a
Enforcement Review Committee (ERC) meeting. [redacted] told [redacted]
that during breakfast [redacted]
said that [redacted] would be asked to resign. During the telephone
call, [redacted] did not volunteer to [redacted] the reason why he

Investigation on 6/13/90 at Irving, Texas File # 58C-PX-41605

by SA [redacted] dj Date dictated 5/29/90

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REB:dj

Continuation of FD-302 of [REDACTED]

On 5/24/90

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was going to be asked for his resignation.

[REDACTED] said that later he was informed by [REDACTED] and [REDACTED] could not recall if this was a meeting or telephone call; that [REDACTED] had not decided what was going to happen to [REDACTED] and [REDACTED] said, however, the next morning [REDACTED] informed him that he and [REDACTED] would also be asked to resign. [REDACTED] said that they were asked to resign because of their affiliation with [REDACTED]

[REDACTED] said that during his two year employment with the FHLBOD he had always been rated by his supervisors in the top bracket which was signed by [REDACTED] would have to sign this rating due to salary adjustments that were made based upon the rating.

[REDACTED] said that [REDACTED] was a "strong hard nose regulator, and his resignation was a political action". [REDACTED] said that [REDACTED] had the most extensive knowledge and experience at the FEDERAL HOME LOAN BANK (FHLB), and the fact that he had been removed from the system when so many problems were arising, was "simply incredible". [REDACTED] said that [REDACTED] told him that [REDACTED] told [REDACTED] that it was "either you or me".

[REDACTED] said that in March and April, 1988 there was a "peer review" which was conducted by the CINCINNATI FEDERAL HOME LOAN BANK DISTRICT. This review was critical of Dallas supervision, and it attacked the Dallas supervision prior to [REDACTED] said that the review did not consider their corrective action taken by [REDACTED] had, in fact, implemented new policies such as changing the supervisory organization, and merged it with exam process. [REDACTED] started using computers, and developed new asset classification procedures, training classes and had even implemented an ERC within the Dallas bank district. [REDACTED] had also established a Department of Investigation which was to facilitate and follow the progress of criminal referrals to the DEPARTMENT OF JUSTICE. [REDACTED] said that the peer review focused on procedures that were no longer in effect in the Dallas District. [REDACTED] said that during [REDACTED] tenure, over two hundred savings and loans were taken over or their activities severely restricted. The criminal referrals went from three to over one thousand. [REDACTED] said, in fact, the first peer review was to be conducted coincidental with the employment of [REDACTED] however, it was delayed to allow him time to implement new policies.

[REDACTED] said that after the peer review in April was completed, the normal peer review process was circumvented in that, Dallas was never given an opportunity to rebut the peer

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Continuation of FD-302

On 5/24/90

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review findings. [] said that upon completion of the peer review there was an immediate request for the resignation of [] said, in fact, there had been a meeting in New Orleans scheduled to rebut the findings; however, this never occurred.

[] said that he is unaware of the genesis of the Memorandum of Understanding between LINCOLN and the FEDERAL HOME LOAN BANK (FHLB) Board; however the Memorandum of Understanding (MOU) is not an accepted enforcement tool within the thrift industry. [] said the MOU is the most mild form of enforcement which would normally follow a submission of a letter to a thrift board.

[] said that prior to his employment with FHLBOD he was employed with the Office of Controller of the Currency (OCC). During this time, he was a "commissioned National Bank Examiner", which is the highest certification by the OCC.

[] said that while he was at OCC he ran the enforcement review committee in Washington, D.C. His responsibilities involved review and enforcement for all of the national banks.

[] said that the MOU utilized within OCC again is the mildest form of supervisory action. [] said that normally the MOU is used with a cooperative bank which is involved in minor violations. [] said that while he was in charge of the ERC a letter was first written, followed by an MOU, a supervisory agreement, and then a voluntary Cease and Desist order which was then followed by an administrative process, which was enforceable in United States District Court. [] said he unaware of an MOU ever being used within the FEDERAL HOME LOAN BANKING SYSTEM with exception of ISL.

[] said he discussed his resignation with [] of the FHLB Board, and he stated that his resignation was "motivated by the political process".

[] said that after he was forced to resign, [] called him and said he knew about the firing, and wanted to offer his assistance to [] in finding another position. [] said, however, he did not discuss the firing assuming that [] had been involved in the process to obtain his resignation. [] said this was another example of the peer review process being abnormal because he is unaware of any other individual fired as a result of a peer review. [] said, in fact, he believes that the peer review was used as a "vehicle to get rid of []

[] said that he was aware that JIM WRIGHT had called for [] resignation as the "story unfolded" in Texas; however, he is not aware if JIM WRIGHT had called for [] firing while []

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Continuation of FD-302 of [REDACTED]

, On 5/24/90

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[REDACTED] said that he was aware that WRIGHT had been told that [REDACTED] was part of the problem and not the solution". [REDACTED] attributed this statement to a [REDACTED] aid; however, he could not recall this man's identity. [REDACTED] said that the statement was made at a meeting he attended in Fort Worth, Texas where WRIGHT's aid was present. This meeting was also attended by [REDACTED]

[REDACTED] said that the irony in the resignation of [REDACTED] was his replacement, [REDACTED] worked for [REDACTED] in the OCC and came from the same background, and is a vigorous regulator.

[REDACTED]

On June 13, 1990, [REDACTED] provided copies of his resignation from the FHLBD dated [REDACTED] letter of recommendation dated [REDACTED] Copies of these letters are attached to this report.

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 6/7/90

[redacted]
[redacted] Member, FEDERAL HOME LOAN BANK (FHLB) BOARD, currently an
[redacted] New York.
New York, telephone [redacted] home address [redacted]
[redacted] New York, New York 10024, telephone [redacted]
voluntarily appeared at the New York Office of the Federal Bureau
of Investigation. [redacted] attorney, [redacted] Washington,
D.C., telephone [redacted] had agreed to have [redacted] interviewed
without being present. After being advised of the identity of the
interviewing Agent and that the interview concerned events that
occurred during her tenure as [redacted] provided
the following information:

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[redacted]
In late 1987, [redacted] became aware from members of the
FHLB Regulatory staff that CHARLES KEATING, doing business as
LINCOLN SAVINGS AND LOAN ASSOCIATION OF CALIFORNIA (LSL) was
alleging that he was being harassed by examiners from the San
Francisco Bank District. The examiners had been inside his
institution for eighteen months and KEATING was not happy with
their findings.

In early 1988, KEATING wanted to speak personally with
[redacted] a relatively new member of the Board, about his
complaints but [redacted] refused to see him. [redacted] another
Board member then asked [redacted] to see KEATING and [redacted] agreed.

Present at the meeting were Keating, [redacted]
KEATING'S attorney, [redacted] did not
specifically recall [redacted] being present
at this meeting. This was the only meeting with KEATING that
[redacted] ever attended.

During the meeting, KEATING presented his case that he
was being harassed by the San Francisco District and stated that
LSL was solvent. KEATING provided [redacted] with a package of

Investigation on 6/6/90 at New York, New York File # 58C-PX-41605

by SA [redacted] Date dictated 6/7/90

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Continuation of FD-302 of [REDACTED]

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documents, approximately 1/2 inch thick, related to his argument. The package, or "file" as it has been called, consisted of a two or three page cover memo and attachments. The cover memo, which was on AMERICAN CONTINENTAL CORPORATION letterhead and was directed to [REDACTED] and [REDACTED] outlined KEATING'S complaints. It detailed certain findings of the examiners and KEATING'S responses to those findings. KEATING also alleged that the San Francisco District had leaked confidential information regarding LSL to the press. The attachments to the memo were copies of press clippings which KEATING thought supported this allegation.

The "file" consisted only of the cover memo and copies of press clippings. It did not contain copies of the examiner's findings or copies of any examination documents.

[REDACTED] and [REDACTED] both read the file. [REDACTED] maintained the file following the meeting and gave it to [REDACTED] a FHLB staff member, for him to read. [REDACTED] stated that [REDACTED] and [REDACTED] discussed the memo and its possible repercussions. They agreed that if the allegations were true, that this was a fairly serious matter.

After giving the file to [REDACTED] told [REDACTED] of his meeting with KEATING and the file which KEATING had provided. Subsequently, [REDACTED] both requested copies of the file. [REDACTED] believes that the file was still in [REDACTED] custody when these requests were received.

[REDACTED] stated that [REDACTED] did not want to be put into the position of brokering copies of this file to others so approximately one week after his meeting with KEATING he instructed [REDACTED] to retrieve the file from [REDACTED] and return it to KEATING. [REDACTED] thought that if KEATING wanted anyone else to see the file he could give it out himself.

When [REDACTED] went to see [REDACTED] she was given the original file and two copies. [REDACTED] did not copy the file. [REDACTED] telephonically contacted [REDACTED] and requested that he come and take back the file and [REDACTED] did. [REDACTED] instructed [REDACTED] to destroy the two copies and it was her intention to do so. However, in May, 1989, while cleaning out her desk prior to leaving FHLB, [REDACTED] discovered the two copies and realized that she had forgotten to destroy them. By this time, the "file" had become the topic of much discussion and curiosity. [REDACTED] decided to destroy one of the copies and she retained the other. This copy is still in her possession and [REDACTED] agreed to provide a copy of it to the interviewing Agent.

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Continuation of FD-302 of [redacted], On 6/6/90, Page 3

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[redacted] stated that she has not shown this file to anyone because no one has ever asked her to see it. [redacted] did not provide a copy of the file to [redacted] or anyone else. [redacted] has stated that she has seen the file and based on the fact that she described it accurately during her testimony before the Senate Ethics Committee, [redacted] believes that [redacted] did see the file.

[redacted] stated that [redacted] never asked her to check with KEATING before disseminating copies of the file because disseminating copies was not considered. That is the reason why the file was returned to KEATING.

It is [redacted] opinion that the contents of the file are not meaningful and too much was made of this "secret file".

[redacted] was next asked about any telephone calls received by [redacted] regarding the proposed sale of LSL to an investment group headed by former Congressman JOHN ROUSSELOT. [redacted] recalled being contacted at her home by [redacted] one evening in April, 1989 at approximately 10:30 PM. [redacted] told her that he had just received a telephone call at his Arlington, Virginia apartment from Senator Alan Cranston regarding the proposed ROUSSELOT acquisition of LSL. CRANSTON requested that [redacted] give the proposal every consideration and work with ROUSSELOT. CRANSTON also requested that [redacted] meet with ROUSSELOT to discuss the matter. [redacted] had already met with ROUSSELOT several times in [redacted] presence to discuss the proposal and was willing to meet with him again.

[redacted] stated that [redacted] was surprised to have received this telephone call from CRANSTON at his residence, particularly since his telephone number was unlisted. CRANSTON had apparently gotten the number from [redacted]

[redacted] requested that [redacted] locate ROUSSELOT and arrange a meeting. [redacted] did so and a breakfast meeting was arranged for the next day at the University Club in Washington, D.C..

On the following morning at approximately 6:00 AM [redacted] received another telephone call from [redacted] told her that he had just received a telephone call at his apartment from Senator DENNIS DeCONCINI. DeCONCINI also requested [redacted] to give the ROUSSELOT proposal serious consideration. DeCONCINI told [redacted] that this sale would be good for the State of Arizona because of LSL's large real estate holdings there. [redacted] advised DeCONCINI that a breakfast meeting was already arranged.

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Continuation of FD-302 of [REDACTED], On 6/6/90, Page 4 b6 b7C

[REDACTED] stated that the amount of attention the ROUSSELOT issue was receiving from two United States Senators disturbed [REDACTED]. During the time the ROUSSELOT proposal was before the Board, [REDACTED] had received several other telephone calls from the offices of CRANSTON and DeCONCINI but [REDACTED] stated that no more than three calls were from the Senators themselves.

After receiving the calls at his residence from CRANSTON and DeCONCINI, and after the breakfast meeting with ROUSSELOT (which was uneventful) [REDACTED] instructed [REDACTED] to contact the Senators' offices and tell them that he was aware of their interest in the ROUSSELOT proposal and to request that they stop contacting him regarding that matter. After [REDACTED] made this request no further calls were received from CRANSTON or DeCONCINI regarding LSL.

[REDACTED] considered the calls from the Senators to [REDACTED] to be highly unusual. [REDACTED]

[REDACTED] had received calls at his residence from two Senators within a 24 hour time period and it was evident that the Senators had to expend some effort to even obtain [REDACTED] telephone number.

[REDACTED] stated that the sale of LSL to ROUSSELOT did not occur. During their meetings with ROUSSELOT, [REDACTED] found him unable to answer many substantive questions related to the acquisition. It was suspected that ROUSSELOT was perhaps attempting to purchase LSL on behalf of CHARLES KEATING. The attorney who accompanied ROUSSELOT to several of the meetings with [REDACTED] was [REDACTED] was better able to answer questions that [REDACTED] felt a prudent investor would know the answers to.

[REDACTED] stated that the Enforcement Review Committee (ERC) comprised of [REDACTED]

[REDACTED] investigated the conflict between KEATING and the San Francisco District. At the April, 1988 FHLB Board meeting the ERC recommended that a new examination of LSL be conducted by impartial experts from within the FHLB system. If the exam showed that KEATING'S allegations were true and that LSL was solvent, LSL would be permitted to be supervised by a District other than San Francisco. [REDACTED] under the recommendation, would be the Supervising Agent for LSL during the time of the examination.

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Continuation of FD-302 of [REDACTED], On 6/6/90, Page 5 b6 b7C

[REDACTED] recalled that during this meeting, [REDACTED] stated that the continued presence of KEATING at LSL would be critical to LSL's survival and to remove him would surely be harmful to the Arizona real estate market.

The Board voted on the ERC's recommendation with [REDACTED] and [REDACTED] voting in favor and [REDACTED] voting against a new examination.

[REDACTED] provided the interviewing Agent with a copy of an Affidavit which she had provided to the Senate Ethics Committee in April, 1990. [REDACTED] also agreed to provide a copy of the "file" provided by KEATING to [REDACTED] at their meeting in early 1988.

At the conclusion of the interview, [REDACTED] stated that the reason she had retained an attorney in this matter was that she was concerned that at some point in time she might be sued personally by CHARLES KEATING as have other individuals involved in the events surrounding the LSL matter.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/1/90

HERB DRINKWATER, Mayor, Scottsdale, Arizona, 3939 Civic Center Plaza, Scottsdale, Arizona 85251, telephone number (602) 994-2433, provided the following information regarding the campaign contributions received from CHARLIE KEATING.

Mayor DRINKWATER stated he recalls receiving money from CHARLIE KEATING in 1980 and 1984; however, the money was returned. Mayor DRINKWATER said that he never spoke with KEATING about political contributions and was never asked for any favor by KEATING. DRINKWATER said he only recalls meeting CHARLIE KEATING two or three times at social events.

Mayor DRINKWATER recalled, at one of these social events, talking with CHARLIE KEATING about zoning changes that KEATING had requested. These properties were located at 11000 North Scottsdale Road, Indian Bend Road, and Thomas. Mayor DRINKWATER said that he recalled KEATING saying, "You never voted for anything I ever had." Mayor DRINKWATER said that he, in fact, did not think these zoning changes that KEATING wanted were good for the city.

Mayor DRINKWATER further stated he recalled vaguely CHARLIE KEATING saying that, "You're the only one that never took any money." However, Mayor DRINKWATER said that these were not the exact words of CHARLIE KEATING, only his recollection of the sentiments expressed by CHARLIE KEATING.

Mayor DRINKWATER said that JIM BRUNER, who is the Chairman of the Maricopa County Board of Supervisors in 1980 and 1984, ran with Mayor DRINKWATER and handled the campaign financing. BRUNER might recall the amounts of the checks sent, the dates of these checks, and the manner in which the campaign contributions arose. BRUNER's home telephone number is 948-6933, and his car telephone number is 228-6487.

Investigation on 2/22/90 at Phoenix, ArizonaFile # PX 58C-41605by SA [redacted]

kkc

Date dictated 2/22/90

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 5/18/90

[redacted] New York, New York, telephone [redacted] was contacted at his place of employment. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information:

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[redacted] stated that [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Investigation on 5/16/90 at New York, New York File # 58C-PX-41605

by SA [redacted] Date dictated 5/18/90

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FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 6/8/90

[redacted]
[redacted]
[redacted] New Jersey [redacted] telephone [redacted]
home address [redacted] New York [redacted]
telephone [redacted] voluntarily appeared at the New York Office
of the Federal Bureau of Investigation. After being advised of
the identity of the interviewing Agent and the nature of the
interview, [redacted] provided the following information:

[redacted]

[redacted]

[redacted]

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b7DInvestigation on 5/31/90 at New York, New York File # 58C-PX-41605by SA [redacted] Date dictated 6/4/90b6
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FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
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PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ NCLAS E F T O
☐ UNCLAS

Date 8/7/90

To : Director, FBI (Attention: Criminal Investigative Division)
 From : SAC, PHOENIX Resident Agency _____
 Subject : Public Corruption Data Transmittal Form (if applicable)

1. Title : (use additional page if necessary)

ALLEGATIONS CONCERNING UNITED STATES SENATORS ALAN CRANSTON; ET AL;
 CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN ASSOCIATION AND
 AMERICAN CONTINENTAL CORPORATION;
 CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE;

Re: OO: PX/LA

Phoenix LHM, dated 12/19/89.

2. ☒ Enclosed are the original and three copies of a LHM for dissemination purposes.
(check if appropriate)

3. Office of Origin File No. 58C - px - 41605
 (include alpha)

4. ☐ Initial submission ☒ Supplemental submission ☐ Final submission (check one)

5. Date opened upon SAC authority 11/8/89

6. Level of subject public official(s) (See codes on reverse. Use additional pages, as necessary, for additional subjects.) (all inclusive)

Level K04 Number of subject (s) 5
 Level _____ Number of subject (s) _____
 Level _____ Number of subject (s) _____

FILE REVIEWED
 DATE 4-7-99
 INITIALS RU

7. Indicate which of the following investigative techniques have been utilized to date.
(check all appropriate boxes) (all inclusive)

Code Number / Description

- Z1 ☐ Acct. Tech. Assist.
 Z2 ☐ Aircraft Assist.
 Z3 ☐ Computer Assist.
 Z4 ☐ Consensual Monitoring
 Tel _____ Non Tel _____
 Z5 ☐ Elsur - FISC
 Z6 ☐ Elsur - Title III
 Z7 ☐ Eng. Sect. Field Support
 Z8 ☐ Eng. Sect. Tape Exams
 Z9 ☐ Hypnosis Assist.
 Z10 ☐ Ident Div. Assist.
 Z11 (A) ☐ Symbolic Informant
 Z11 (B) ☐ Cooperating Witness
 Z11 (C) ☐ Cooperating Subject
 Z12 ☐ Lab. Div. Exams
 Z13 ☐ Lab. Div. Field Support

Code Number / Description

- Z14 ☐ Pen Registers
 Z15 ☐ Photo Coverage
 Z16 ☐ Polygraph Assist.
 Z17 ☐ Search Warrants Use
 Z18 ☐ Show Money Use
 Z19 ☐ Surveillance Squad Use
 Z20 ☐ Swat Team
 Z21 ☐ Tech. Agent
 Z22 ☐ Telephone Toll Records
 Z23 ☐ Group I UCO
 Date Init. _____ Date Covert Activity Ceased _____
 Z24 ☐ Group II UCO
 Date Init. _____ Date Covert Activity Ceased _____
 Z25 ☐ Undercover - Other
 Z26 ☐ NCAVG/VI - CAP
 Z27 ☐ V IA

3 ☒ - Field Office (1 - 58C-PX-41605) (1 - 29D-LA-102009) (1 - USA, District of Arizona)

5 ☒ - FBIHQ

(1 - White-Collar Crimes Section, Public Corruption Unit)

(1 - Congressional Affairs Office, Attn: SSA [redacted])

(1 - Financial Crimes Unit, Attn: SSA [redacted])

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

③ - Los Angeles ① - 58C-PX-41605
 (1 - 29D-LA-102009)
 ② - USA, Central District of California

REB/mbh
 (11)

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58C-PX-41605-124
 AUG 13 1990 FBI/DOJ
 FBI - LOS ANGELES

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description

- (A) Judicial Corruption
 A1 ☐ Federal
 A2 ☐ State
 A3 ☐ Local
 A4 ☐ Territorial

- (B) Legislative Corruption
 B1 ☒ Federal
 B2 ☐ State
 B3 ☐ Local
 B4 ☐ Territorial

- (C) Contract Corruption
 C1 ☐ Federal
 C2 ☐ State
 C3 ☐ Local
 C4 ☐ Territorial

Code Number/Description

- (D) Regulatory Corruption
 D1 ☐ Federal
 D2 ☐ State
 D3 ☐ Local
 D4 ☐ Territorial

- (E) Law Enforcement Corruption
 E1 ☐ Federal
 E2 ☐ State
 E3 ☐ Local
 E4 ☐ Territorial

- (F) Abuse of Office
 F1 ☐ Abuse of Office
 Not Involved

Code Number/Description

- (G) Election Law Matters
 G1 ☐ Vote Buying
 G2 ☐ Alien Voting
 G3 ☐ Ballot Box Stuffing
 G4 ☐ Fraudulent Registrations
 G5 ☐ Tampering with Voting Equipment
 G6 ☐ Campaign Financing
 G7 ☐ Intimidation
 G8 ☐ All Others

9. Does corruption involve drug related activity? (check one) ☐ Yes ☒ No

10. Statistical Accomplishments (cumulative total)

- A. Complaints _____
 B. Informations _____
 C. Indictments _____
 D. Convictions _____
 E. Pre-trial Diversions _____

- F. Acquittal _____
 G. Recoveries _____
 H. Restitutions _____
 I. Potential Economic Loss Prevented _____

11. Forfeiture Provisions Utilized (check one) ☐ Yes ☒ No

12. Status of Case (check one)

- ☐ Pending Preliminary Inquiry (Limited to 90 days)
☒ Pending Full Investigation
☐ Closed

13. Basis for Closing

Level of Official

Number of Subjects (All inclusive)

- ☐ U.S. Attorney Declination _____
☐ Dismissal _____
☐ Acquittal _____
☐ Conviction _____
☐ Administrative by SAC _____

Additional Administrative Data (if needed):

See attached.

LEADS:

1) Interview [redacted] FHLBB who [redacted] states still resides in the Washington, DC area. [redacted] will determine [redacted] current residence and telephone number.

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2) Interview [redacted]
[redacted]
[redacted]
telephone number [redacted]

3) Interview [redacted]
[redacted] telephone number [redacted]
[redacted] telephone number [redacted]
[redacted] Also interview [redacted]
[redacted]
[redacted]

4) Interview ISL/ACC employees [redacted]
[redacted]

The following leads are being reset:

CINCINNATI DIVISION

AT COLUMBUS, OHIO

During the period of late 1985 to March 1986, KEATING and his affiliated companies contributed \$200,000 to the National Council on Public Policy, a tax-exempt Political Action Committee (PAC) affiliated with Senator JOHN GLENN. Investigation has disclosed KEATING and his affiliated companies had already contributed the maximum allowable amount to registered tax-exempt PAC's for the year and therefore instructed GLENN's office the contribution should be applied to non-federal "soft money" purposes rather than federal "hard money" purposes. Senator GLENN stated the funds went to his non-federal political action committee to be used for state and local campaigns, while discussing the issue during a TV interview with DAVID BRINKLEY.

Cincinnati Division should contact the appropriate officials within the Ohio Attorney General's Office and conduct interviews concerning state reporting requirements and regulations for non-federal Political Action Committee activities as they pertain to state and local election campaigns. Once the state reporting requirements are disclosed, determine whether Senator GLENN's non-federal "soft money" Political Action Committee, which also does business under the name National Council on Public Policy, complies with all appropriate state regulations. Conduct all logical investigation necessary to

disclose bank accounts, regulatory filings, and activities of said non-federal PAC which addresses state and local campaign issues under the name National Council on Public Policy. Should bank accounts be identified, notify Phoenix Division for issuance of Grand Jury Subpoenas.

LOS ANGELES DIVISION

AT SANTA ANA, CALIFORNIA

Will interview [redacted] Los Angeles, California, regarding circumstances of [redacted] lobbying to be conducted on behalf of KEATING.

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PITTSBURGH DIVISION

AT PITTSBURGH, PENNSYLVANIA

Interview [redacted] July 1988 examination of the lending and real estate portfolio of LSL. [redacted] the Office of Thrift Supervision (OTS).

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PHOENIX DIVISION

AT PHOENIX, ARIZONA

1) Will review KENNETH LEVENTHAL AND COMPANY report dated 7/14/89 addressing 15 transactions of LSL from which they claimed \$135 million in profit. Will interview [redacted]

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[redacted] who testified before the Committee on Banking regarding said transactions and the financial concerns raised by the transactions.

2) Will review original records and work papers of ARTHUR YOUNG, Certified Public Accountants, audits of LSL as scheduled for 3/26/90. Will attempt to identify and obtain interviews of officials/personnel associated with the audit and determine what ACC/LSL expected from ARTHUR YOUNG, difference in accounting principles as they pertained to recognition of profit/loss and the conditions which led to ARTHUR YOUNG's dismissal/withdrawal from ACC/LSL audit. Will also attempt to obtain an interview with [redacted] who wrote the Senators regarding the unfairness of the Federal Home Loan Bank of San Francisco's exam of LSL and who reportedly met with Senator RIEGLE on 2/26/87.

3) Will locate and review ACC/LSL records in the Phoenix, Arizona depository relating to business dealings between KEATING and Senator MC CAIN's wife and father-in-law.

4) Will review ACC's pilot logs located within Phoenix Division evidence to obtain details of MC CAIN's vacations in the Bahamas and other travel at KEATING's expense. Will also attempt to identify travel by other senators utilizing ACC's corporate jets.

5) Will locate and review LSL records relating to loans made to R. A. HOLMES, a development company [REDACTED]
[REDACTED]

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6) Will interview former Arizona Governor BRUCE BABBITT concerning reportedly unsuccessful attempts by KEATING to influence BABBITT in his behalf.

AT TUCSON, ARIZONA

Interview [REDACTED] of LSL who has a reputation as a "traditionalist" operator of thrift institutions. It will be determined [REDACTED]
[REDACTED]

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The following interviews were conducted the week of 7/16/90:

1) [REDACTED]
[REDACTED]
[REDACTED] the ERC meetings where LINCOLN was discussed and KEATING and his associates made a presentation at the ERC on 3/25/88.

2) [REDACTED] These individuals
[REDACTED]

3) [REDACTED]
[REDACTED]

4) [REDACTED]
[REDACTED]

5)

[REDACTED]

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b7D

6)

[REDACTED]

7)

[REDACTED]

Authority is not being sought to interview the below-listed current or former federal politicians in this communication. Separate communication will be submitted prior to interview:

1) Former Senator PAULA HAWKINS (Florida) - According to KEATING's agenta, KEATING met with HAWKINS on 7/7/86, 7/16/86, 7/29/86, 8/12/86, and 1/29/87. On 9/10/86, HAWKINS and KEATING met with White House Chief of Staff DON REGAN regarding [REDACTED] On 7/25/86, ACC employees contributed \$20,000 to HAWKINS's campaign and later in 1986, ACC contributed \$100,000 to the Florida Republican Party.

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2) Senator MACK MATTINGLY (Georgia) - KEATING's agenta shows KEATING meeting with MATTINGLY on 12/17/84 and 11/21/84. On 4/4/86, ACC employees contributed \$10,000 to MATTINGLY's campaign. MATTINGLY was a strong supporter in 1986 for KEATING's [REDACTED]
[REDACTED]

3) Congressman CHARLES PASHAYAN (California) - PASHAYAN received \$11,000 in campaign contributions from ACC employees on 6/2/86 and an additional \$13,000 on 8/17/86. He returned \$26,000 of campaign contributions to ACC employees on 11/8/89. KEATING's agenta shows KEATING meeting with PASHAYAN on 11/21/85, 8/12/86, and 1/28/87. [REDACTED] has said that in late 1984 and early 1985, PASHAYAN lobbied him in opposition to a proposed direct investment regulation. On 9/28/87, PASHAYAN wrote a letter to the House Ways and Means Committee promoting an amendment to the "thriftiness" test of the Internal Revenue Code, which would benefit LSL and other similarly situated thrift institutions.

4) Former White House Chief of Staff DONALD REGAN - KEATING's agenda shows a meeting of KEATING, REGAN, and Florida Senator PAULA HAWKINS on 9/10/86, to discuss [redacted]

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Former White House Personnel Director BOB TUTTLE has advised that REGAN [redacted] against TUTTLE's recommendation, explaining that they "owed" it to Senator DE CONCINI. Witnesses have reported that REGAN in 1985 and 1986 attempted to force [redacted] to resign, although there is no known evidence that this pressure was exerted at KEATING's behalf.

5) Former Congressman DAVE EVANS - As a lobbyist, EVANS was affiliated with a PAC known as the National Action Committee (NAC). ACC employees contributed \$5,000 to NAC on 4/9/86, \$4,000 on 3/3/87, and \$10,000 on 3/11/88. KEATING's agenda shows KEATING meeting with EVANS on 1/27/87 and 1/7/88.

6) Senator PETE WILSON (California) - ACC employees contributed \$17,500 to WILSON's campaign on 4/8/85 and on 12/21/89, WILSON returned the \$17,500 to the contributors. KEATING's agenda shows a meeting with WILSON on 11/21/85. On December 13 1989, WILSON's press secretary BILL LIVINGSTONE was quoted in the Orange County Register saying KEATING had contacted WILSON's office and wanted WILSON to "get involved in an issue" but WILSON declined to do so.

7) Congressman DOUG BARNARD, JR. (Georgia) - A member of the House Banking Committee, BARNARD received \$19,000 in campaign contributions from ACC employees on 7/28/86. According to KEATING's agenda, BARNARD met with KEATING on 7/20/86 (in Phoenix), 8/11/86, 9/10/86, 1/26/87, and 1/27/88.

8) Former Congressman JOHN J. RHODES (Arizona) - RHODES' campaign received \$9,000 in contributions raised by KEATING on 8/28/86. KEATING's agenda shows a meeting with RHODES on 9/24/87.

9) Interview Senator DENNIS DE CONCINI, Number 328 Senate Hart Office Building, Second Street and Constitution Avenue N.E., telephone number (202) 224-4521.

10) Interview Senator JOHN GLENN, 503 Senate Hart Office Building, telephone number (202) 224-3353, telephone number (202) 628-8000, Treasurer of the National Counsel on Public Policy.

11) Interview Senator JOHN MC CAIN, 111 Senator HART, Office Building, Constitution Avenue, between Delaware Avenue and First Street N.E., telephone number (202) 224-2235.

12) Interview Senator DONALD W. RIEGLE, 105 Senate Derkson Office Building, Constitution Avenue, between First Street and Second Street N.E., telephone number (202) 224-4822.

13) Interview Senator ALAN CRANSTON, 112 Senate Hart Office Building, Second Street and Constitution Avenue N.E., telephone number (202) 224-3553. Obtain copies of the documents CRANSTON provided the Senate Ethics Committee and review.

File Number

196A-MM-50288-1A1

Field Office Acquiring Evidence

Serial # of Originating Document

Date Received

3/3/05

From

ECR

(Name of Contributor/Interviewee)

(Address)

By

ECT

To Be Returned ☐ Yes☒ NoReceipt Given ☐ Yes☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)

Federal Rules of Criminal Procedure

☐ Yes☒ No

Federal Taxpayer Information (FTI)

☐ Yes☒ No

Title:

Reference:

(Communication Enclosing Material)

Description: ☐ Original notes re interview of

FD 192's for 1B1-1B39 w/EC to

1B1-1B39.

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 03/01/2005

To: Miami

Attn: [REDACTED]

b6
b7C

From: Miami

S-3

Contact: [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

lts

Case ID #: 196A-MM-50288 (Closed)

Title: [REDACTED]

et al

Synopsis: To request the destruction of all 1-B evidence collected in this case.

Details: Captioned investigation has been completed and all appeals exhausted. It is requested that all 1-B evidence collected in this case be destroyed.

061LTS01.52

To: Miami From: Miami
Re: 196A-MM-50288, 03/01/2005

LEAD(s):

Set Lead 1: (Action)

MIAMI

AT MIAMI

Destroy all 1-B evidence collected in captioned investigation.

♦♦

Date

5/9/90

Character of Case

et al;
FEW; MF; OO:MIAMI

Date Property Acquired
5/9/90

Source From Which Property Acquired

Location of Property or Bulky Exhibit
ROOM 1007 CENTRUST TOWER

Reason for Retention of Property and Efforts Made to Dispose of Same
EVIDENCE

To Be Returned
☐ Yes ☐ No

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

SAME

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

DOCUMENT CONTROL
FGJ SUBPOENA #

GRAND JURY MATERIAL--DISSEMINATE ONLY
PURSUANT TO RULE 6(e) FED. R. CRIM. P.

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

File # 196A-MM-30288
MIAMI

OO:

CHARGEOUT COPY (optional)

196A-MM-50288-131
BLOCK STAMP

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
MAY 9 1990	
FBI - MIAMI	

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b6
b7C

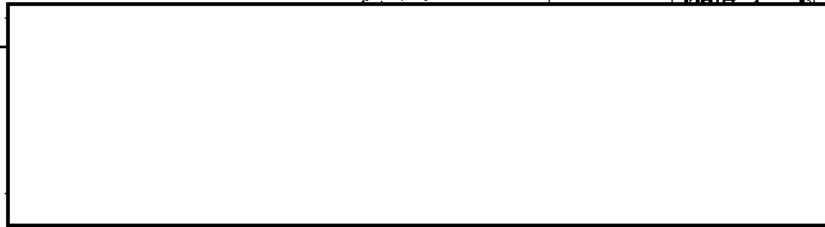
Remarks

1

Date

3190

Character of Case



b6
b7C

Date Property Acquired

4/13/90

Source From Which Property Acquired



Location of Property or Bulky Exhibit

Room 1007 CENTRAL TOWER

Reason for Retention of Property and Efforts Made to Dispose of Same

EVIDENCE

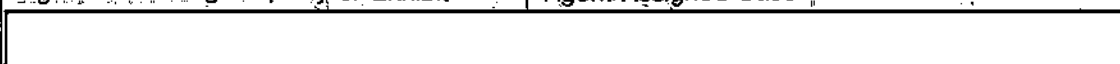
To Be Returned

☒ Yes ☐ No

See Serial

Agent Submitting Property or Exhibit

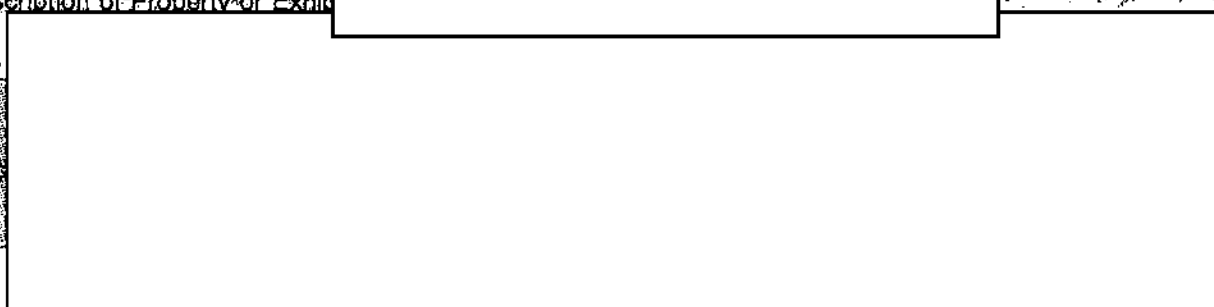
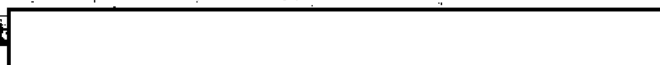
Agent Assigned Case



☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit



b3

FGJ Subpoena #



For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-91735

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

196A-MIA-50288

OO:

Miami

CHARGEOUT COPY (optional)

BLOCK STAMP

SEARCHED	INDEXED
SERIALIZED	FILED
JUN - 13 1990	
FBI - MIAMI	

CHAIN OF CUSTODY

Signature	Date	Time	Signature	Date	Time
[Redacted]	6/13/90	11:00	For SA [Redacted]	7/10/90	10:30a
Signature [Redacted]	9/10/90	10:30a	[Redacted]	3/1/95	9A
Reason [Redacted]			[Redacted]		
Signature [Redacted]	2/18/99	10:00A			
Reason [Redacted]					
Signature _____					
Reason _____					
Signature _____					
Reason _____					
Signature _____					
Reason _____					
Signature _____					
Reason _____					
Signature _____					
Reason _____					

Item No.

Remarks

6/13/90 Agent retained exhibit.

Date 6/13/90

Character of Case

[Redacted]

at: ME, FBW, OUMIAM

Date Property Acquired

Source From Which Property Acquired

6/13/90

(SEC) Search Exchange Commission

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007, FBI Printout

Evidence

To Be Returned

See Serial

☐ Yes ☒ No

☐ Yes ☒ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

Computer Printouts

1) Printing of [Redacted] 8/10/89

2) Contract Summary Printout 81-88

3) Lincoln + LA TACC trade contract

4) " " " 1981-88

5) Misc computer file of DL P-11-11-11-11

Non Grand Jury

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8641)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

BLOCK STAMP

SEARCHED
SERIALIZED

JUN 14 1990

FBI - MIAMI

CHAIN OF CUSTODY

	Date		Date	Time
	6/13/90		7/10/90	10:30g
EVIDENCE		TOTS		
Reason	9/10/90	10:30g	3/1/95	9A
Signature	2/18/94	11A		
Reason				
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Item No.

Remarks

6/13/90 Agent retained exhibit for review.

Date

6/18/90

Character of Case

[Redacted]

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FB-W; MF;
OO: Miami

Date Property Acquired

6/18/90

Location of Property or Bulky Exhibit

[Redacted]

b3
b6
b7C

Room 1007 Centrust Tower Evidence

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No

Grand Jury Property

Exemptions Only - Exempt to State or Federal Rules of Criminal Procedure

☐ Yes ☒ No

Property to be

Forfeited to the Government

Description of Property or Exhibit

[Redacted]

[Redacted]

[Redacted]

Control #

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

LE-8642

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Field File #

11-A-111-102

OO:

MIAMI

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SEARCHED INDEXED
SERIALIZED FILED
JUN 20 1990
FBI - MIAMI

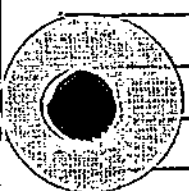
CHAIN OF CUSTODY

		Date		Date	Time
[Redacted]			[Redacted]		
Signature	[Redacted]	5/10/90	6/1/90	5/10/90	10:30
Reason	[Redacted]	9/10/90	10:30	3/1/91	9A
Signature	[Redacted]	2/1/91	1/2		
Reason					
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Item No.

Remarks

0/18/90 Agent retained exhibit for review.



Date 6/22/90

Character of Case

[Redacted]

FBI W. MFJ
OO: Miami

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b6
b7C

Date Property Acquired

6/22/90

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 007 - Centrust Tower Evidence

To Be Returned See Serial

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

Includes

[Redacted]

Control # =

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8640

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B5

BLOCK STAMP

SEARCHED INDEXED
SERIALIZED FILED

JUN 22 1990

FBI - MIAMI

Field File #

OO:

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

		Date	Time			Date	Time
[Redacted]		6/22/90	2:00p	[Redacted]		8/10/90	10:30
Signature	[Redacted]	9/10/90	10:30a	[Redacted]		8/1/90	9A
Reason	[Redacted]			[Redacted]			
Signature	[Redacted]	2/18/96	11:00	[Redacted]			
Reason	[Redacted]			[Redacted]			
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Item No.

Remarks

6/22/90 Agent returned exhibit for review.

Date: 6/14/90

b3
b6
b7C

and Character of

[Redacted]

RECEIVED: 6/14/90

Date Property Acquired

6/14/90

Source From Which Property Acquired

[Redacted]

Location of Property or Bulky

Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

GRAND JURY MATERIAL - DISSEMINATE ONLY
PURSUANT TO RULE 6(e) FED. R. CRIM. P.

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E8396

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MMM-50288-136
BLOCK STAMP

Field File # 196A-MMM-50288

OO: MIAMI

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUN 2 1990	
FBI - MIAMI	

CHARGEOUT COPY (optional)

b6
b7C

[illegible]

Date 6/20/90

Character of Case

b6
b7C

Date Property Acquired

Source From Which Property Acquired

6/19/90

SEC

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007 - Centrust Tower Evidence

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

b3

GRAND JURY MATERIAL - DISSEMINATE ONLY
PURSUANT TO RULE 6(e) FED. R. CRIM. P.

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

8395

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

196A-MM-50288-1B7

OO: MIAMI

CHARGEOUT COPY (optional)

BLOCK STAMP

SEARCHED INDEXED
SERIALIZED FILED

JUN 2 1990

FBI - MIAMI

Date _____

Date	Time
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b7C

EVIDENCE

10.20

11/10/56

10:309

Signature

Reas

Sign

Reason

Signature

Reason

Signature

Reason

Signature

Reason

Signature

Person

Signature

Reason

Signature

Reason

Signature

Reason

Item No.

Remarks

Date 6/20/90

and Character of Case

[Redacted]

Room 1007, Miami
JDS 11/11/89

Date Property Acquired

6/12/90

Source From Which Property Acquired

[Redacted]

Location of Property or Bulky Ex

and Efforts Made to Dispose of Same

Room 1007 - Century Tower Evidence

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

Grand Jury MAT RA - DISSEMINATE ONLY
SUANT TO RULE 6(e) FED. R. CRIM. P.

CONTROL #

[Redacted]

For Valuable and/or Narcotics Evidence

Evidence Bag Seal #

E8394

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

[Redacted]

Field File #

196A-MIA-50288

OO: MIAMI

CHARGEOUT COPY (optional)

196A-MIA-50288-138
BLOCK STAMP
SEARCHED INDEXED
SERIALIZED FILED
JUN 2 1990
FBI - MIAMI

CHAIN OF CUSTODY

[illegible]

Item No.

Remarks

Date 6/21/90

b3
b6
b7C

and Character of Case

[Redacted]

MR. [Redacted]
OO: Miami

Date Property Acquired

Source From Which Property Acquired

[Redacted]

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007 Central Tower Evidence

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury Pr

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

CE-8651

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B9

BLOCK STAMP

Field File # 196A-MM-50288

OO: Miami

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 22 1990	
FBI - MIAMI	

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

		Date		Date	Time	b6 b7C
[Redacted]		6/20/90	16	9/10/90	10:30 S	
EVIDENCE			TOT 3A			
Signature	[Redacted]	9/10/90	10:30g		3/1/95	9A
Reason	[Redacted]					
Signature	[Redacted]	2/18/99	DA			
Reason	[Redacted]					
Signature						
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Reason						

Item No.

Remarks

6/20/90 Agent retained exhibit for review

Date

6/27/90

Name and Character of Case

Date Property Acquired

6/25/90

Location of Property or Bulky

Mode to Dispose of Same

Room 1007 Century Bank Evidence

To Be Returned See Serial

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8645)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

196A-MM-50288-1310

OO: MIAMI

CHARGEOUT COPY (optional)

196A-MM-50288-1310

BLOCK STAMP	
SEARCHED	INDEXED
SERIALIZED	FILED
JUN 27 1990	
FBI - MIAMI	

CHAIN OF CUSTODY

Signature	Date	Time	Released Custody	Date	Time
[Redacted]	6/25/90	9:17	[Redacted]	9/14/90	10:20g
Signature [Redacted]			BT SA [Redacted]	3/1/91	9A
Reason [Redacted]	7/10/98	10:30g	[Redacted]	11/1/98	11:15
Signature [Redacted]					
Reason					
Signature					
Reason					
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Signature					
Reason					

Item No.

Remarks

6/27/90 Deputy returned exhibit for review.

Date 6/25/90

Name and Character of Case

[Redacted]

et al.
FBW; MF;
OO: MIAMI

b3
b6
b7C

Date Property Acquired

Source From Which Property Acquired

6/25/90

[Redacted]

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007 Centra Tower Evidence

To Be Returned

See Serial

☐ Yes ☐ No

[Redacted]

☒ Yes ☐ No Grand Jury Property - Seizeable Only - Incident to Crime (a), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Bulky Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8644)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

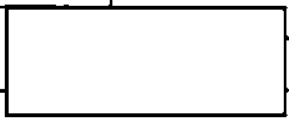
96A-MM-50288-1B
BLOCK STAMP

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 29 1990	
FBI - MIAMI	

96A-MM-50288

OO: MIAMI

CHAIN OF CUSTODY

	Date	Time	Released Custody	Date	Time
	6/25/90	3:00		9/10/90	10:30
EVIDENCE			101 SA		
	9/10/90	10:30		3/1/95	9A
Reason					
Signature	2/18/91	11:00			
Reason					
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Item No.

Remarks

6/25/90 Agent retained exhibit for review.

Date

6/27/90

and Character of Case

[Redacted]

et al:
FOW; MF;
OO: Miami

b3
b6
b7C

Date Property Acquired

Source From Which Property Acquired

4/27/90

S.E.C.

[Redacted]

Location of Property or Bulky Exhibit

Reason

Room 1A07 Center + Tower EVIDENCE

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No Grand Jury Property - Exempt from Seizure - Federal Rules of Criminal Procedure

☐ Yes ☒ No Property to be Forfeited to the Government

Evidence Bag Seal #

(E-8643)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

96A MM-50288-1B12

BLOCK STAMP

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 27 1990	
FBI - MIAMI	

Field File # 96A-MM-50288

OO: MIAMI

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

		Date		Date	Time
[Redacted]		6/27/90	9:30	10:30	10:30
Signature [Redacted]					
Reason [Redacted]		9/10/90	10:30 am	3/1/95	9A
Signature [Redacted]		7/10/90	11A		
Reason					
Signature					
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Signature					
Reason					

Item No.

Remarks

6/27/90 Agent returned exhibit for review.

Date 6/27/90

b3
b6
b7C

Name and Character of Case

[Redacted]

JLW
FBW, MF
OO: Miami

Date Property Acquired

6/27/90

Source From Which Property Acquired

SEC

Location of Property or Bulky Exhibit

Room 1007, Centre Tower

Reason for Retention of Property and Efforts Made to Dispose of Same

Evidence

To Be Returned

☐ Yes ☒ No

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

[Redacted]

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8659)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B13

BLOCK STAMP

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 29 1990	
FBI - MIAMI	

Field File #

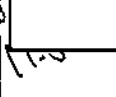
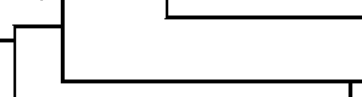
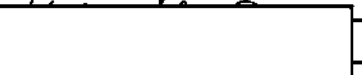
196A-MM-50288-1

OO:

MIAMI

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

Signature	Date	Time	Signature	Date	Time
	6/27/90	11:00		6/27/90	10:30
Signature 	7/10/90	10:30	Signature 	3/1/95	9A
Reason 	2/18/99	11A	Reason 	3/1/95	10:15
Signature _____			Signature _____		
Reason _____			Reason _____		
Signature _____			Signature _____		
Reason _____			Reason _____		
Signature _____			Signature _____		
Reason _____			Reason _____		
Signature _____			Signature _____		
Reason _____			Reason _____		
Signature _____			Signature _____		
Reason _____			Reason _____		

Item No.

Remarks

6/27/90 Agent retained exhibit for review.

Date 7/3/90

Name and Character of Case

[Redacted]

b6
b7C

Date Property Acquired

7/2/90

Source From Which Property Acquired

Office of Thrift Supervision

Location of Property or Bulky Exhibit

Room 11007 - Centrust

Reason for Retention of Property and Efforts Made to Dispose of Same

Evidence

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☐ Yes ☒ No Grand Jury Pr

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

9 boxes of documents
From OTS

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8646)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B/4

Field File # 196A-MM-50288

OO: MIAMI

CHARGEOUT COPY (optional)

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SEARCHED	INDEXED
SERIALIZED	FILED
JUL 3 1990	
FBI - MIAMI	

CHAIN OF CUSTODY

		Date	Time	Released Custody	Date	Time
[Redacted]		7/2/90	101	[Redacted]	9/10/90	10:30
Signature	[Redacted]	7/10/90	10:30	[Redacted]	3/1/95	9A
Reason	[Redacted]					
Signature	[Redacted]	2/18/99	10A			
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Item No. 7/2/90 Agent returned exhibit for review.

Remarks

Date 7/3/90

Grand Character of Case

[Redacted]

b3
b6
b7C

FRW. MIP
OO: Miami

Date Property Acquired

7/1/90

Source From Which Property Acquired

[Redacted]

Location of Property or Bulky

Use of Same

Room 1007 Court

Evidence

To Be Returned See Serial

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8650)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B/5

BLOCK STAMP

Field File # 196A-MM-50288-1

OO: MIAMI

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 3 1990	
FBI - MIAMI	

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

	Date	Time	Released Custody	Date	Time
Signature _____ Reason _____	7/2/90	11:30 AM	[Redacted]	9/10/90	10:30 AM
Signature _____ Reason _____	9/10/90	10:30 AM	[Redacted]	3/1/05	9A
Signature _____ Reason _____	2/18/99	10:00 AM	[Redacted]		
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					
Signature _____ Reason _____					

Item No.

Remarks

7/2/90 Agent retained exhibit for review.

Date 7/1/90

b3
b6
b7C

and Character of Case

[Redacted]

FBW MF
OO: Miami

Date Property Acquired

7/3/90

[Redacted]

Location of Property or Bulky

Room 1007 - Centrust Evidence

Efforts Made to Dispose of Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8647)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

1916A-MM-50288-1B/16

Field File #

OO:

CHARGEOUT COPY (optional)

BLOCK STAMP
SEARCHED INDEXED
SERIALIZED FILED
JUL 3 1990
FBI - MIAMI

CHAIN OF CUSTODY

		Date		Date	Time
Signature	[Redacted]	7/3/90	[Redacted]		
Reason	ISU OGCN				
Signature	[Redacted]	9/10/90	10:30 AM	1/05	9A
Reason	[Redacted]	11/9			
Signature	[Redacted]				
Reason					
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Reason					

Item No.

Remarks

1/3/90 Agent returned exhibit for review.

Date 7/2/90

Name and Character of Case

Date Property Acquired

7/2/90

Location of Property or Bulk

Room 1007-Centrust Lounge

To Be Returned

☐ Yes ☒ No

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

Control #

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E - 8648)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

OO:

CHARGEOUT COPY (optional).

b3
b6
b7C

196A-MM-50288-1B/17

BLOCK STAMP	
SEARCHED	INDEXED
SERIALIZED	FILED
JUL 5 1990	
FBI - MIAMI	

CHAIN OF CUSTODY

	Date	Time		Date	Time
[Redacted]	1/2/90		[Redacted]	1/10/90	10:30
Signature [Redacted]			[Redacted]		
Reason [Redacted]	9/10/90	10:30	[Redacted]	3/1/90	9A
Signature [Redacted]	7/2/90	11:00	[Redacted]		
Reason					
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Item No.

Remarks

1/2/90 agent retained exhibit for review.

Date

7/1/90

Name and Character of Case

[Redacted]

FBW; MF;
OO: Miami

Date Property Acquired

7/5/90

[Redacted]

Location of Property or Bulky Exhibit

Room 1007 - Centrust

Efforts Made to Dispose of Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury P

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

CE - 8649

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents.

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B/8

BLOCK STAMP

Field File #

OO:

CHARGEOUT COPY (optional)

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 5 1990	
FBI - MIAMI	

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b6
b7C

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37
10 4

Remarks

| Item NO. | Remarks |
|----------|------------------------------------|
| 7/5(P) | Agent retained exhibit for review. |

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-198 (Rev. 7-18-85)

Date

and Character of C

b3
b6
b7C

Date Property Acquired

Location of Property or Bulky

To Be Returned See Serial

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Evidence Bag Seal #

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

OO: MIAMI

CHARGEOUT COPY (optional)

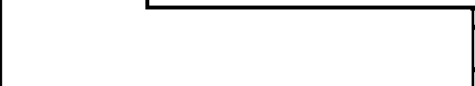
BLOCK STAMP

SEARCHED INDEXED
SERIALIZED FILED

JUL 11 1990

FBI - MIAMI

CHAIN OF CUSTODY

| Signature | Date | Time | b6 | b7C |
|--|---------|-------|----|-----|
| 
EVIDENCE | 7/9/90 | 10:30 | | |
| Signature  | 7/10/90 | 10:30 | | |
| Reason  | 2/18/91 | 10:30 | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
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| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |

Item No.

Remarks

7/9/90 Agent returned exhibit for review

Date 7/2/90

Name and Character of



ET AL.
FBW: MF:
OO: MIAMI

b3
b6
b7C

Date Property Acquired

7/2/90

Source From Which Property Acquired



Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007-CENTRUST TOWER EVIDENCE

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury P

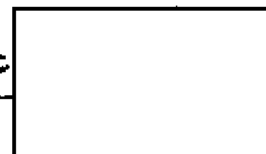
☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit



GRAND JURY MATERIAL—DISSEMINATE ONLY
PURSUANT TO RULE 6(e) FED. R. CRIM. P.

Subpoena #



For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E8420

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B20
BLOCK STAMP

Field File # 196A-MM-50288

OO: MIAMI

CHARGEOUT COPY (optional)

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| SERIALIZED | FILED |
| JUL-13-1990 | |
| FBI — MIAMI | |

Date

Signal

Signature

Reason

Signature _____

Reason

Signature

Reason

Signature

Reason

Signature

Reason

Signature

Reason

Signature

Reason

Signature

Reason

Signature

Reason

Item No.

Remarks

Date

7/13/90

and Character of Case

[Redacted]

b3
b6
b7C

Date Property Acquired

7/2/90

Location of Property or Bulky

[Redacted]

to Dispose of Same

Room 1007 CENTRUST Tower

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No

Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

GRAND JURY MATERIAL—DISSEMINATE ONLY
PURSUANT TO RULE 6(e) FED. R. CRIM. P.

CONTROL #

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

F8421

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

[Redacted]

Field File #

OO: [Redacted]

CHARGEOUT COPY (optional)

196A-MM-50288-1B27

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| SERIALIZED | FILED |
| JUL 13 1990 | |
| FBI - MIAMI | |

CHAIN OF CUSTODY

[illegible]

Item No.

Remarks

Date

7/11/90

Name and Character of

[Redacted]

b3
b6
b7C

FBW, MF, OO: Miami

Date Property Acquired

7/11/90

Source From Which Property Acquired

OTS

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007 - CENTRUST

EVIDENCE

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description

[Redacted]

GRAND JURY MATERIAL-- D S SEMINATE ONLY
PURSUANT TO RULE 6(e) FED. R. CRIM. P.

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E8422

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

96A-MM-50288

OO:

MIAMI

196A-MM-50288-1B22

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| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| JUL 13 1990 | |
| FBI - MIAMI | |

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

[illegible]

b3
b6
b7C

Item No.

Remarks

Date

7-17-90

b3
b6
b7C

Case and Character of Case

Date Property Acquired

Source From Which Property Acquired

Location of Property or Bulky Exhibit

Dispose of Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury Present

☐ Yes ☒ No Property to be Forfeited to the Government

Description

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8657)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

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| SERIALIZED | FILED |
| JUL 17 1990 | |
| FBI - MIAMI | |

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

| | | Date | Time | | | Date | Time |
|------------|------------|---------|----------|------------|--|---------|----------|
| [Redacted] | | 1/17/90 | 10:00 AM | [Redacted] | | | |
| [Redacted] | | | | [Redacted] | | 9/10/90 | 10:30 AM |
| Signature | [Redacted] | | | [Redacted] | | 3/1/95 | 9A |
| Reason | [Redacted] | 9/10/90 | 10:30 AM | [Redacted] | | | |
| Signature | [Redacted] | 2/13/91 | 11:00 AM | [Redacted] | | | |
| Reason | [Redacted] | | | [Redacted] | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |

Item No.

Remarks

7/17/90 Agent retained exhibit for review.

Date 7/11/90

Name and Character of Case

[Redacted]

b3
b6
b7C

*FOUSTME;
OO: Miami*

Date Property Acquired

Source From Which Property Acquired

7/11/90

[Redacted]

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007 - CENTRAL TOWER EVIDENCE

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

[Redacted]

☐ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8653)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

196A-AM-50288

OO: MIAMI

CHARGEOUT COPY (optional)

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SERIALIZED ☒ FILED ☒
JUL 25 1990
FBI - MIAMI

CHAIN OF CUSTODY

| | | Date | Time | | | Date | Time |
|-----------|------------|----------|---------|------------|--|----------|---------|
| Signature | [Redacted] | 11/10/90 | 11:30am | [Redacted] | | 11/10/90 | 10:30am |
| Reason | [Redacted] | 9/10/90 | 10:30am | [Redacted] | | 3/1/95 | 9A |
| Signature | [Redacted] | 2/8/99 | 10:30 | [Redacted] | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |
| Signature | | | | | | | |
| Reason | | | | | | | |

Item No. 7/10/90 Agent returned exhibit for review.

Remarks

Date

7/18/90

Name and Character of Case

b3
b6
b7C

Date Property Acquired

7/18/90

Location of Property or Bulky

Source From Which Property Acquired

[Redacted]

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8055)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

196A-MM-50288

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MIAMI

CHARGEOUT COPY (optional)

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SERIALIZED FILED

JUL 20 1990

FBI - MIAMI

196A-MM-50288-1B25

[REDACTED] [REDACTED]

10:30 ✓

Reason

$$11\frac{9}{10}$$

3/45

9A

Figure 1

Remarks

7/18/90 Agent retained exhibit for review.

Date

7/16/90

Name and Character of Case

[Redacted]

b3
b6
b7C

Date Property Acquired

7/10/90

[Redacted]

Location of Property or Bulky Exhibit

to Dispose of Same

To Be Returned

See Serial

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description

[Redacted]

CHD 9/6/90
#12

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E-8656)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B216

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| SERIALIZED | FILED |
| JUL 24 1990 | |
| FBI - MIAMI | |

Field File #

OO:

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

| Signature | Date | Time | b6
b7C |
|----------------------|---------|---------|-----------|
| [Redacted] | 7/10/90 | 12:30 | |
| Signature [Redacted] | 9/10/90 | 10:20am | |
| Reason [Redacted] | 2/18/91 | 10:30 | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |
| Signature [Redacted] | | | |
| Reason [Redacted] | | | |

Item No.

Remarks

7/27/90 Agent returned exhibit for review.

Date

7/20/90

b3
b6
b7C

Name and Character of Case

Date Property Acquired

Location of Property or Bulky

Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☒ Yes ☐ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8602

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

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| SERIALIZED | FILED |
| JUL 26 1990 | |
| FBI - MIAMI | |

Field File #

196A-MIA-50288

OO: MIAMI

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

[illegible]

Item No.

Remarks

9/27/90 Agent returned exhibit for review.

Date

b3
b6
b7C

Name and Character of Case

Date Property Acquired

Source From Which Property Acquired

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned

See Serial

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

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CHARGEOUT COPY (optional)

9/6A-MM-50288-1B28

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| SERIALIZED | FILED |
| JUL 25 1990 | |
| FBI - MIAMI | |

CHAIN OF CUSTODY

| Signature | Date | Signature | Date | Time |
|----------------------|----------|------------|---------|-------|
| [Redacted] | 7/12/90 | [Redacted] | 7/10/90 | 10:30 |
| Signature [Redacted] | 9/11/90 | [Redacted] | 3/1/91 | 9:00 |
| Reason [Redacted] | 10:30 AM | [Redacted] | | |
| Signature [Redacted] | 2/12/91 | [Redacted] | | |
| Reason [Redacted] | 11:00 A | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |
| Signature _____ | | | | |
| Reason _____ | | | | |

Item No.

Remarks

7/27/90 Agent returned exhibit for review.

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-192 (Rev. 7-18-85)

Date 7/20/90

b3
b6
b7C

Name and Character of Case

[Redacted]

Date Property Acquired

7/20/90

Location of Property or Bulky

[Redacted]

Room 1007 Le Mist

EVIDENCE

To Be Returned See Serial

☐ Yes ☒ No

[Redacted]

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8662

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File # 196A-MM-50288

OO: MIAMI

196A-MM-50288-1329

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| JUL 26 1990 | |
| FBI - MIAMI | |

CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

b6
b7C

| Signature | Date | Time |
|----------------------|---------|---------|
| [Redacted] | 7/20/90 | |
| Signature [Redacted] | 9/10/90 | 10:30am |
| Reason [Redacted] | 2/15/91 | 10:30am |
| Signature [Redacted] | | |
| Reason [Redacted] | | |
| Signature [Redacted] | | |
| Reason [Redacted] | | |
| Signature [Redacted] | | |
| Reason [Redacted] | | |
| Signature [Redacted] | | |
| Reason [Redacted] | | |
| Signature [Redacted] | | |
| Reason [Redacted] | | |
| Signature [Redacted] | | |
| Reason [Redacted] | | |

Item No.

Remarks

7/27/90 Agent returned exhibit for review.

Date 7/25/90

b3
b6
b7c

Character of Case

Date Property Acquired

Source From Which Property Acquired

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☒ Yes ☐ No

Grand Jury

Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No

Property to be Forfeited to the Government

Description of Property or Exhibit

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8661

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents.

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

196A-MM-50288

OO: MIAMI

CHARGEOUT COPY (optional)

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SERIALIZED JA FILED JA

JUL 26 1990

FBI - MIAMI

CHAIN OF CUSTODY

| Signature | Date | Time |
|--|---------|---------|
|  | 7/25/90 | 10:30am |
| Signature | 9/1/90 | 10:30am |
| Reason | | |
| Signature | | |
| Reason | | |
| Signature | | |
| Reason | | |
| Signature | | |
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| Reason | | |
| Signature | | |
| Reason | | |

Item No.

Remarks

7/27/90 Agent retained exhibit for review.

Date

b3
b6
b7C

Date Property Acquired

7/23/90

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned

See Serial

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

Control
For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8664

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

OO:

CHARGEOUT COPY (optional)

19/07/90 50280-1B31
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| SERIALIZED | FILED |
| JUL 27 1990 | |
| FBI - MIAMI | |

CHAIN OF CUSTODY

| Signature | Date | Time | Signature | Date | Time |
|-----------------------------|---------|-------|-----------------------------|---------|-------|
| <i>[Redacted]</i> | 7/23/90 | 11:00 | <i>[Redacted]</i> | 9/10/90 | 10:30 |
| Signature <i>[Redacted]</i> | | | Signature <i>[Redacted]</i> | | |
| Reason <i>[Redacted]</i> | | | Reason <i>[Redacted]</i> | | |
| Signature <i>[Redacted]</i> | 2/18/91 | 10:30 | Signature <i>[Redacted]</i> | 3/1/95 | 9A |
| Reason <i>[Redacted]</i> | | | Reason <i>[Redacted]</i> | | |
| Signature _____ | | | Signature _____ | | |
| Reason _____ | | | Reason _____ | | |
| Signature _____ | | | Signature _____ | | |
| Reason _____ | | | Reason _____ | | |
| Signature _____ | | | Signature _____ | | |
| Reason _____ | | | Reason _____ | | |
| Signature _____ | | | Signature _____ | | |
| Reason _____ | | | Reason _____ | | |
| Signature _____ | | | Signature _____ | | |
| Reason _____ | | | Reason _____ | | |

Item No.

Remarks

7/27/90 Agent - retained exhibit for review.

Date 7/27/90

Title and Character of Case



FBW M.F.
OO: Miami

b3
b6
b7C

Date Property Acquired

7/27/90



Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007-Centrust Tower EVIDENCE

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No



☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit



For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E 8063

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MIA-50288-1B32
BLOCK STAMP

Field File #

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CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

[illegible]

Item No.

Remarks

7/27/90

Date

File and Character of Case

b3
b6
b7C

Date Property Acquired

7/30/90

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned

☐ Yes ☐ No

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☒ Yes ☐ No Grand Jury Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Control

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-80466

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

PLA-MM-502-88-1033

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| SERIALIZED | FILED |
| JUL 30 1990 | |
| FBI - MIAMI | |

Field File #

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CHARGEOUT COPY (optional)

CHAIN OF CUSTODY

[illegible]**Item No.**

Remarks

| Item No. | Remarks |
|----------|------------------------------------|
| 7/31/90 | Agent retained exhibit for review. |

Date

7/30/90

and Character of Case

[Redacted]

b3
b6
b7c

cc: [Redacted]
FBI W. M. F.
OO: Miami

Date Property Acquired

7/30/90

[Redacted]

Location of Property or Bulky

Property and Efforts Made to Dispose of Same

Room 1007 - Central Town Evidence

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☐ No

[Redacted]

☐ Yes ☐ No Grand Jury

☐ Yes ☐ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8667

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

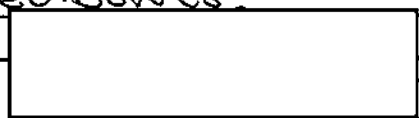
Field File #

OO:

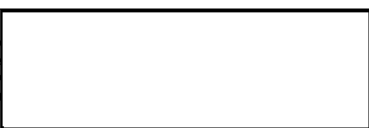
196A-mm 50288-1834

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| JUL 31 1990 | | | |
| FBI - MIAMI | | | |

CHAIN OF CUSTODY

| | Date | Time | b6 | b7C |
|---|---------|-------|---|---------------|
| Signature  | 7/30/90 | 4:00 | SA  | 9/11/90 10:30 |
| Reason <i>EVIDENCE</i> | | | | |
| Signature  | 9/10/98 | 10:30 |  | 3/1/05 9A |
| Reason | | | | |
| Signature  | 2/18/06 | 10:30 | | |
| Reason | | | | |
| Signature | | | | |
| Reason | | | | |
| Signature | | | | |
| Reason | | | | |
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| Signature | | | | |
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| Signature | | | | |
| Reason | | | | |
| Signature | | | | |
| Reason | | | | |

Item No.

7/31/90 exhibit retained by SA 

Date 8/14/90

b3
b6
b7C

and Character of Case

Date Property Acquired

8/14/90

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

Room 1007 - CENTRUST TOWER EVIDENCE

To Be Returned See Serial Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☐ Yes ☐ No Grand Jury

☐ Yes ☐ No Property to be Forfeited to the Government

Description of Property or Exhibit

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8669

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

BLOCK STAMP

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| AUG 15 1990 | |
| FBI - MIAMI | |

File # 196A-MM-50288

OO: MIAMI

CHARGEOUT COPY (optional)

T

b6
b7C

Remarks

Bulky Exhibit - Inventory of Property Acquired as Evidence
FD-192 (Rev. 7-18-85)

Date 8/20/90

Name and Character of Case

[Redacted]

b3
b6
b7C

Date Property Acquired

8/20/90

Source From Which Property Acquired

RTK

Location of Property or Bulky Exhibit

Room 1007 - CONTRUST TOWER

Reason for Retention of Property and Efforts Made to Dispose of Same

EVIDENCE

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☐ No

☒ Yes ☐ No Grand Jury

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

Control #

[Redacted]

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E - 8658)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

[Redacted]

196A-MM-50288-1B36
BLOCK STAMP

Field File # 196A-MM-50288
OO: MIAMI

| | |
|-------------|---------|
| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| AUG 20 1990 | |
| FBI - MIAMI | |

CHARGEOUT COPY (optional)

३

b6
b7C

Remarks

[illegible]

Date

Name and Character of Case

b3
b6
b7C

Date Property Acquired

Source

Location of Property or Bulky Exhibit

Property and Efforts Made to Dispose of Same

To Be Returned

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

☐ Yes ☒ No

☐ Yes ☐ No

Grand Jury

Property - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure.

☐ Yes ☐ No

Property to be Forfeited to the Government

Description of Property or Exhibit

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8678

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Field File #

OO:

CHARGEOUT COPY (optional)

BLOCK STAMP

| | |
|-------------|---------|
| SEARCHED | INDEXED |
| SERIALIZED | FILED |
| AUG 22 1990 | |
| FBI - MIAMI | |

CHAIN OF CUSTODY

| | Date | Time | Released Custody | Date | Time |
|----------------------|---------|----------|-------------------|--------|-------|
| [Redacted] | 8/21/90 | | [Redacted] | 9/10 | 10:30 |
| Signature [Redacted] | | | TOT SA [Redacted] | | |
| Reason [Redacted] | 9/11/90 | 10:30 AM | [Redacted] | 3/1/91 | 9A |
| Signature [Redacted] | 2/14/91 | 11:20 | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |

b6
b7C

Item No.

8/22/90 exhibit retained by SA [Redacted]

R

Date

8/1/90

b3
b6
b7C

Location and Character of Case



Date Property Acquired

8/18/1900

Location of Property or Bulky Exhibit

Reason for Retention of Property and Efforts Made to Dispose of Same

To Be Returned See Serial

☐ Yes ☒ No

☒ Yes ☐ No Grand Jury Return

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

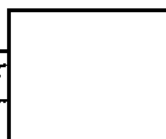


For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

E-8668

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents



SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

Control # [Redacted]

Field File #

FILE # 100-20228

OO:

MIAMI

CHARGEOUT COPY (optional)

100-777-50288-1338

| | |
|--------------|-------------|
| SEARCHED | INDEXED |
| SERIALIZED | BLOCK STAMP |
| AUG - 9 1990 | |
| FBI - MIAMI | |

CHAIN OF CUSTODY

| | Date | Time | Released Custody | Date | Time |
|-----------|---------|-------|------------------|----------|-------|
| Signature | 8/18/90 | 2:10 | TOT SA | 11/10/90 | 10:30 |
| Reason | 9/11/90 | 10:30 | | 3/1/95 | 9A |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |
| Signature | | | | | |
| Reason | | | | | |

Item No.

Remarks

8/9/90 Agent returned exhibit for review

Date 8/27/90

Character of Case

[Redacted]

FBI/DOJ MFI
OO: MIAMI

Date Property Acquired

8/27/90

Source From Which Property Acquired

[Redacted]

Location of Property or Bulky Exhibit

Room 1007-Centur

Reason for Retention of Property and Efforts Made to Dispose of Same

EVIDENCE

To Be Returned

☐ Yes ☒ No

See Serial

Agent Submitting Property or Exhibit

Agent Assigned Case

[Redacted]

☒ Yes ☐ No Grand Jury Proceedure.

☐ Yes ☒ No Property to be Forfeited to the Government

Description of Property or Exhibit

[Redacted]

Control # _____

For Valuable and/or Narcotics Evidence Only

Evidence Bag Seal #

(E8665)

Signature of Two
Special Agents
Verifying and Sealing
Bag Contents

[Redacted]

SEMIANNUAL INVENTORY CERTIFICATION TO JUSTIFY RETENTION OF PROPERTY (Initial and Date)

196A-MM-50288-1B39

196A-MM-50288

OO: MIAMI

COC

BLOCK STAMP
SEARCHED _____
SERIALIZED _____
FILED _____
AUG 27 1990
FBI - MIAMI

EVIDENCE (PACKAGE COPY)

△

Time

10:30a

10:30a

3/1/25 9A

Reason

Remarks

8/27/90 Agent retained exhibit for review.