

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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FOI/PA# 1259813-001

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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

5-Bureau

(1-White Collar Crimes Section, Public Corruption Unit)

(1-Congressional Affairs Office, Attn: SSA [redacted])

(1-Financial Crimes Unit, Attn: SSA [redacted])

3-Los Angeles (1-58C-PX-41605)

(1-29D-LA-102009)

(1-USA, Central District of California)

③-Phoenix (1-58C-PX-41605)

(1-29D-LA-102009)

(1-USA, District of Arizona)

[redacted]
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PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 12/5/90

1 TO : DIRECTOR, FBI
 2 FROM : SAC, Phoenix (58C-PX-41605) (P)
 3 SUBJECT : ALLEGATIONS CONCERNING UNITED STATES
 4 SENATORS ALAN CRANSTON, ET AL;
 5 CHARLES H. KEATING, JR.;
 6 CORRUPTION OF FEDERAL PUBLIC
 7 OFFICIALS - LEGISLATIVE;
 8 OO: PX/LA

Enclosed for the Bureau are the following FD-302's:

8/3/90
 7/18/90
 7/19/90
 9/19/90
 9/19/90
 9/20/90
 8/28/90

13 Copies of these FD-302's have been provided by
 14 separate letter to U.S. Attorney's of the District of Arizona
 and the Central District of California.

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Approved:

Transmitted

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/22/89

[redacted] residence [redacted]
[redacted] telephone [redacted] date of birth [redacted]
[redacted] Social Security Account Number [redacted] was
interviewed at the FEDERAL BUREAU OF INVESTIGATION (FBI), Santa
Ana, California. After being apprised of the official and
personal identity of the interviewing agent, [redacted] voluntarily
advised as follows:

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In [redacted] he started working with CONTINENTAL
HOMES CORPORATION (CHC) in Phoenix, Arizona. He was hired by
CHARLES H. KEATING, JR. [redacted]
[redacted] At CHC he was responsible for
[redacted]
[redacted] was his immediate
supervisor.

At the end of [redacted] he was transferred to AMERICAN
CONTINENTAL CORPORATION PROPERTIES (ACCP). At ACCP he worked for
[redacted] At ACCP he was [redacted]
[redacted]

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Approximately February or March of 1984, AMERICAN
CONTINENTAL CORPORATION (ACC) purchased LINCOLN SAVINGS AND LOAN
ASSOCIATION (LS). At this time he was transferred to [redacted]
[redacted]

For the first six months he reported directly to Mr.
KEATING. Afterward he reported to [redacted]
[redacted] During this time he also became
responsible for [redacted] for LS. He was
eventually transferred to the [redacted] office of LS.

When he left ACCP he introduced [redacted] to
[redacted] then assumed his position at ACCP.
[redacted] later [redacted]
CHARLES KEATING. [redacted] is now employed with the PHOENICIAN
HOTEL (PH) in Phoenix. He is not sure what [redacted] position is at
the PH.

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When he came to LS he was responsible for approximately
[redacted] During this time there
were approximately 13 people working for him. When he left LS
there were only [redacted] left. During his employment
[redacted]

Investigation on 6/14/89 at [redacted] File # 29A-LA-102009

by SA [redacted] Date dictated 6/19/89

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29A-LA-102009

Continuation of FD-302 of [REDACTED], On 6/14/89, Page 2

with LS, LS eventually got out of [REDACTED] business.

In [REDACTED] were [REDACTED]
[REDACTED] During this time he started [REDACTED]
KEATING [REDACTED] He also perceived himself as becoming less of a
"shining star" and was just another employee. He was fired in
[REDACTED] was the individual who fired him and the
reason given was [REDACTED] did not feel he was giving his heart and
soul to the job.

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[REDACTED]
[REDACTED]
[REDACTED] he did
not feel there was any unusual business transactions. After LS
would foreclose on a piece of property [REDACTED] for
retaining a small brokerage firm in order to market and sell the
property. All these foreclosures were the result of loans made
before Mr. KEATING purchased LS. He does not recall
participating in any foreclosures on new LS loans. He would not
have become involved in these loans because the LS policy
dictated the LS loan officer be responsible for foreclosing and
selling these properties. [REDACTED]
[REDACTED] were the LS officers responsible for foreclosing and
selling new LS. All of these individuals were located in Phoenix
REO's.

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[REDACTED] used to be one of Mr. KEATING's
[REDACTED] was actually Mr. KEATING's [REDACTED]
[REDACTED] and primarily acted as [REDACTED]
acted as Mr. KEATING's [REDACTED] and
[REDACTED] were also [REDACTED]
recall [REDACTED] for Mr. KEATING. He does not
name.

Some of the ACCa Projects in which he recalls working
on were named DUNLAP APARTMENTS In Dunlap, Arizona, and the
nursery in Scottsdale, Arizona.

While he was employed at CHC he recalls attending a zoning meeting before the Chandler, Arizona City Council. Prior to this meeting [REDACTED] told him he would not be responsible for anything but to go to the meeting and look good. The Chandler City Council voted down the zoning application.

He was never involved in the funding of the various projects initiated by ACCP. He believed the funding for these projects was coming from LS branches' deposits and the ACC bonds, however he has no direct knowledge of this.

During his employment with LS, he made a \$1,000 contribution to Senator ALAN CRANSTON. He was asked by [REDACTED] to make this contribution. He wrote a check for the contribution on his personal account and gave the check to [REDACTED]

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He also recalls CRANSTON once came to LS Headquarters in Irvine, and spoke to the employees.

The CRANSTON donation was a request he felt should be followed because he did not want to jeopardize his relationship with his LS co-workers. He did not feel his job would be jeopardize had he chosen not to make this contribution.

He also received two letters from CHARLES KEATING on KEATING's personal letterhead. These two letters requested a donation for Senator DON RIEGLE. In these letters Mr. KEATING wrote, "I strongly support Senator RIEGLE from Michigan, and I promise to raise money for him. I will appreciate any donation." This letter was received at his residence via the United States Mail.

As a result of Mr. KEATING's letter he donated \$500 to Senator DON RIEGLE. He believes his \$500 donation check was forwarded to ACC in Phoenix.

He also donated \$1,000 a year for two or three years to Citizens For Decency Through Law (CFDTL). CFDTL is a KEATING sponsored Anti-Pornography Organization.

While he was employed at LS he was never aware of documents being back dated. He has read these reports in the newspaper but does not know who would be responsible for this.

29A-LA-102009

Continuation of FD-302 of [REDACTED]

, On 6/14/89, Page 4*

He assumes the documents must not have related to any of the departments he worked in.

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He is also a friend of California Savings and Loan Commissioner [REDACTED] once invited him to attend a Rams Football Game with him which he did. Prior to attending the game with [REDACTED] he called Mr. KEATING's office and asked if there was any subject matters he should avoid discussing with [REDACTED] Someone from Mr. KEATING's office returned his call and instructed him there was no subject matter in which he had to be concerned about but should just speak positively about LS.

50C-LA-101615-2X2

SEARCHED ☐ INDEXED ☐
SERIALIZED ☐ FILED ☐

SEP 26 1964



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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/22/89

[redacted] telephone [redacted] date of birth [redacted]
[redacted] Social Security number [redacted] was telephonically
interviewed. After being apprised of the official and personal
identity of the interviewing agent, [redacted] voluntarily advised
as follows:

She was previously employed with the AMERICAN
CONTINENTAL CORPORATION (ACC) between [redacted]
She first started working with AMERICAN CONTINENTAL MORTGAGE in
[redacted] Her immediate
supervisor was [redacted] LINCOLN SAVINGS
AND LOAN ASSOCIATION (LS). [redacted]

[redacted] She does not know
the primary responsibility of the LINCOLN SAVINGS loan department
nor [redacted] responsibilities. She does not know if [redacted] or
the loan department was responsible for extending the loans,
selling the loans, or processing the applications. She does
recall that the loan department at Phoenix never received clients
in the office.

[redacted] which was a part of the
loan department of LINCOLN SAVINGS AND LOAN. She acted as the
[redacted]

Approximately [redacted] CHARLES H. KEATING, JR., asked
her to work for him. She accepted the offer and became MR.
KEATING's [redacted] As the [redacted] she was
actually [redacted]

Approximately [redacted] she became
[redacted] who had transferred to the LINCOLN SAVINGS

Investigation on 6/22/89 at Santa Ana, California File # 29A-LA-102009

by SA [redacted] Date dictated 6/22/89

29A-LA-102009

Continuation of FD-302 of [REDACTED]

, On 6/22/89, Page 2*

office in Irvine. As a favor to her, MR. KEATING transferred her to LINCOLN SAVINGS in Irvine. She worked at LINCOLN SAVINGS in Irvine for approximately one month and then resigned in [REDACTED]. While she was employed at LINCOLN SAVINGS in Irvine she had no primary responsibility and was just assisting others.

While she was employed at LINCOLN SAVINGS she did not contribute to any political cause or candidate.

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56C-LA-101615-3

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 29 1962	

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Memorandum



To : SAC, LOS ANGELES (56C-^{LA-0101615}~~NEW~~) (WCC-4/SARA) (P) Date 3/3/89

From : SA

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Subject: CHARLES H. KEATING, JR.,
CHAIRMAN,
AMERICAN CONTINENTAL CORPORATION;
CHARLES H. KEATING, III
CHAIRMAN
LINCOLN SAVINGS AND LOAN;
POSSIBLE VIOLATION ELECTION LAWS;
OO: Los Angeles

An investigation was initiated on LINCOLN SAVINGS AND LOAN (LSL) after a criminal referral was received by the FBI from the FEDERAL HOME LOAN BANK OF SAN FRANCISCO (FHLBSF), which outlined a pattern of back dating documents to avoid regulation and deceive examiners. This back dating occurred in the spring, summer, and fall of 1985.

Subsequent to the back dating, the FHLBSF recommended that LSL be taken over by the government because the institution represented a serious risk to the FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC). LSL and its parent company, AMERICAN CONTINENTAL CORPORATION (ACC) reacted to the recommendation by lobbying various elected officials, including members of the U.S. Senate, to intercede for them with FHLBSF. In the spring of 1987, five senators (ALAN CRANSTON, California; JOHN GLENN, Ohio; THOMAS MCCAIN and DENNIS DECONCINI, Arizona; DONALD RIEGLE, Michigan) met with the FHLBSF to discuss the LSL problems. Two weeks before meeting with the FHLBSF, four of these senators met with the FEDERAL HOME LOAN BANK BOARD (FHLBB) in Washington, D.C. on behalf of LSL. Because of these meetings, LSL was removed from the regulatory scope of FHLBSF by the FHLBB.

On 2/9/89, the ORANGE COUNTY REGISTER (OCR) stated that RIEGLE received \$66,601 in contributions to his re-election campaigns from the savings and loan industry. OCR stated that the DETROIT NEWS reported RIEGLE took the donations from officials of ACC at the same time he was meeting with FHLBSF and FHLBB about LSL. The OCR article also stated that CRANSTON received \$71,500 from the savings and loan industry in the same time period.

Saf
2 - 56C-~~NEW~~ 56C-LA-0101615
2 - 29A-16309

(4)

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LA 56C-NEW

AUSA [] Los Angeles USA Office contacted SA [] and expressed interest in having the FBI open an election laws case on this matter. AUSA [] had seen a news story on one of the major television networks about how CRANSTON had received large contributions from officers of LSL and ACC. AUSA [] was advised that AUSA's [] were aware of the current scope of the LSL investigation and should be informed before any expansion of the case was under taken, and AUSA [] said he would consult with them.

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On 3/1/89, AUSA [] contacted SA [] and stated that the possible election law violation should be pursued at this time. AUSA [] also stated that he had confirmed inquiries from the news media that criminal allegations against LSL were being examined, but gave no details of the investigation.

SA [] FBI, Phoenix division called SA [] on 3/1/89 to inquire about the investigation into LSL. SA [] was given a brief overview of the case and told that the Los Angeles USA Office had agreed to prosecute both the bank fraud and the political corruption aspects of the case. SA [] stated that the contributions to political campaigns may have venue in Arizona because that's where the subjects reside and where many of the checks originated. SA [] was going to discuss this matter with the Phoenix AUSA Office to obtain their opinion on the venue and prosecutive opinion.

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The writer recommends that this matter be O and A'd in Los Angeles and assigned at SARA.

50C-LA-101615-3

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 30 1966	
FBI — LOS ANGELES	

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FBI

TRANSMIT VIA:

☒ Teletype
☒ Facsimile
☐ _____

PRECEDENCE:

☒ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 6/27/89

1 FM SAC, LOS ANGELES (56C-LA-0101615) (WCC-4/SARA) (P)

2 TO DIRECTOR, FBI *Pst 1:05 (AR)*

3 ATTN: SSA [REDACTED]

4 SAC, PHOENIX *Pst 1:10 (MR)*

5 BT

6 UNCLAS

7 SUBJECT: CHARLES KEATING; CHAIRMAN; AMERICAN CONTINENTAL

8 CORPORATION, PHOENIX, ARIZONA; UNSUB; PRINCIPALS AND OFFICERS OF

9 AMERICAN CONTINENTAL CORPORATION; UNSUBS; PRINCIPALS AND OFFICERS

10 OF LINCOLN SAVINGS AND LOAN, IRVINE, CALIFORNIA; ELECTION LAW

11 VIOLATION; OO: LOS ANGELES

12 RE TELCAL OF SSRA [REDACTED] TO SSA [REDACTED] DATED
13 6/22/89.

14 RE LOS ANGELES TELETYPE TO THE DIRECTOR DATED 3/15/89.

15 THIS IS A PRELIMINARY INQUIRY.

16 REFERENCE IS MADE TO THE ABOVE MENTIONED TELCAL BETWEEN SSRA

17 [REDACTED] AND SSA [REDACTED] ON 6/22/89, AT WHICH TIME

18 IT WAS CONFIRMED AUTHORIZATION HAS BEEN RECEIVED FROM FBIHQ TO

19 CONDUCT A PRELIMINARY INQUIRY INTO THIS MATTER.

56C-LA-101615-4
SEARCHED

INDEXED

SERIALIZED

FILED

21 (1)

Approved: [REDACTED]

Transmitted

(Number)

(Time)

Per [REDACTED]

PAGE TWO (56C-LA-0101615)

IN ADDITION TO THE ABOVE ASSISTANT UNITED STATES ATTORNEY [REDACTED] LOS ANGELES UNITED STATES ATTORNEY'S OFFICE, AND ASSISTANT UNITED STATES ATTORNEY [REDACTED] ALSO FROM THE LOS ANGELES UNITED STATES ATTORNEY'S OFFICE, HAS BEEN IN CONTACT WITH OFFICIALS FROM THE PUBLIC INTEGRITY SECTION OF THE DEPARTMENT OF JUSTICE. THIS MATTER WAS DISCUSSED AND A DECISION MADE TO REQUEST THE FBI TO CONDUCT A PRELIMINARY INQUIRY INTO THE POSSIBILITY OF VIOLATIONS OF THE FEDERAL ELECTION LAWS.

INFORMATION HAD PREVIOUSLY BEEN RECEIVED AND SET OUT IN REFERENCED TELETYPE OF 3/15/89, SUGGESTING VARIOUS EMPLOYEES AND OFFICERS FROM AMERICAN CONTINENTAL CORPORATION LOCATED IN PHOENIX, ARIZONA, AND LINCOLN SAVINGS AND LOAN LOCATED IN IRVINE, CALIFORNIA, MAY HAVE PAID LARGE CONTRIBUTIONS TO VARIOUS POLITICIANS THROUGHOUT THE COUNTRY. THE REQUEST FOR THE CONTRIBUTIONS ALLEGEDLY WERE MADE BY AMERICAN CONTINENTAL CORPORATION CHAIRMAN OF THE BOARD CHARLES KEATING. IT HAS BEEN ALLEGED THE SALARIES OF THE EMPLOYEES AND OFFICERS WERE INFLATED TO SUCH AN EXTENT THAT KEATING COULD AT ANY TIME DEMAND CONTRIBUTIONS BE MADE TO CERTAIN DESIGNATED POLITICIANS. IN ADDITION TO THE ABOVE, SOURCE INFORMATION FROM PHOENIX DIVISION HAS INDICATED POSSIBLY 56 EMPLOYEES OF AMERICAN CONTINENTAL CORPORATION EACH WERE REQUIRED TO DONATE \$1,000 IN CASH TO VARIOUS POLITICIANS.

INVESTIGATION IN THIS MATTER WILL INITIALLY INCLUDE THE OBTAINMENT OF A PERSONNEL LIST FROM AMERICAN CONTINENTAL CORPORATION AND LINCOLN SAVINGS AND LOAN THROUGH AN ONGOING

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PAGE THREE (56C-LA-0101615)

INVESTIGATION INVOLVING BANK FRAUD AND EMBEZZLEMENT AND OFFICERS OF LINCOLN SAVINGS AND LOAN. THAT LIST WILL THEN BE PRESENTED TO THE FEDERAL ELECTION COMMISSION IN WASHINGTON D.C. AND A REQUEST MADE TO COMPARE ALL NAMES ON THE PERSONNEL LIST TO POLITICAL CONTRIBUTORS WHICH ARE ON FILE AT THE FEC.

ON 6/21/89, ASSISTANT UNITED STATES ATTORNEY (AUSA) [REDACTED]

[REDACTED] LOS ANGELES, CALIFORNIA, CONTACTED SA [REDACTED]

SANTA ANA RESIDENT AGENCY, AND ENCOURAGED AN INVESTIGATION TO BE INITIATED. AT THIS TIME AUSA [REDACTED] PROVIDED A PRELIMINARY PROSECUTIVE OPINION [REDACTED]

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[REDACTED]

IN VIEW OF THE ABOVE, THE LOS ANGELES DIVISION OF THE FBI WILL INITIATE A PRELIMINARY INQUIRY INTO THE POSSIBLE VIOLATION OF THE FEDERAL ELECTION LAWS BY CHARLES KEATING AND OTHERS.

BT

Memorandum



To : SAC, LOS ANGELES (29A-LA-102009) (SUB P) Date 7/10/89
(WCC-3/SARA) (P)

From : SA [redacted]

Subject: DESERT GEM;
MAJOR CASE 24;
BF&E;
OO: Los Angeles

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Re writers conference with Supervisors [redacted]
PHOENIX and [redacted] Los angeles, 6/30/89.

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Attached are the following:

1. Copy of Phoenix teletype to the Bureau, 6/13/89.
2. Copy of Phoenix teletype to the Bureau, 6/23/89.
3. Copy of transcript between reporter [redacted] and unknowns.

During referenced conference it was noted the Department of Justice/FBIHQ has approved a political corruption investigation into the activities of CHARLES H. KEATIN, JR. This matter will be investigated by SA [redacted] Los Angeles, under the file number 56C-LA-0101615. All items from this investigation will be captured in 29A-LA-102009 Sub P.

[redacted] - 29A-LA-102009 (SUB P)
[redacted] - 56-LA-0101615

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56C-LA-1011615
[redacted]
[redacted]
[redacted]

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FBI

TRANSMIT VIA:

☒ Teletype
☒ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date: 6-13-89

56C-4A-0101615

1 FM FBI PHOENIX (P)

2 TO DIRECTOR FBI/PRIORITY/

3 FBI LOS ANGELES (29A-LA-102009) (SARA)/PRIORITY/

4 BT

5 UNCLAS

6 CITE: //3630//

7 PASS: [REDACTED] FINANCIAL CRIMES UNIT, FBIHQ; [REDACTED]

8 [REDACTED] PUBLIC CORRUPTION UNIT, FBIHQ.

9
10 SUBJECT: ~~DESERT GEM~~; MAJOR CASE 24; OO: LOS ANGELES.

11 RE TELCAL BETWEEN SA [REDACTED] PHOENIX, AND SA [REDACTED]
12 [REDACTED] FBIHQ, 06/13/89; AND TELCAL BETWEEN SA [REDACTED]
13 PHOENIX, AND [REDACTED] FBIHQ, 06/13/89.

14 ON 06/12/89, [REDACTED] 2702 NORTH 3RD
15 STREET, PHOENIX, ARIZONA, APPEARED AT THE PHOENIX OFFICE OF THE
16 FBI. [REDACTED]

17 [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 [REDACTED]

21 [REDACTED] 004D 164

Approved: [REDACTED]

Transmitted

0010 1915
(Number) (Time)

Per [REDACTED]

Searched... [REDACTED]
Serialized... [REDACTED]
Indexed... [REDACTED]
Filed... [REDACTED]

29A-LA-103009-SUB K-11

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^PAGE TWO

29A-LA-102009

UNCLAS

[REDACTED] HE IS CURRENTLY REPRESENTING XXCHARLES H. KEATING,
JR., XX IN THE ABOVE-REFERENCED INVESTIGATION. [REDACTED] PROVIDED
A TAPE RECORDING OF A CONVERSATION BETWEEN FEDERAL BANK
REGULATORS INVESTIGATING XXLINCOLN SAVINGS AND LOAN
ASSOCIATIONXX, AND [REDACTED] A REPORTER FOR THE PHOENIX
GAZETTE. [REDACTED] HAD INADVERTENTLY LEFT THIS RECORDING IN THE
OFFICE OF [REDACTED] DURING AN INTERVIEW WITH
[REDACTED] [REDACTED] CLAIMS THAT THE CONVERSATION BETWEEN FOUR
TO FIVE REGULATORS AND [REDACTED] CONSTITUTES A FEDERAL
CRIMINAL VIOLATION. IT VIOLATES THE DISCLOSURE REQUIREMENTS
UNDER WHICH THE REGULATORS ARE BOUND. [REDACTED] BELIEVES IT IS A
VIOLATION OF UNITED STATES CODE, TITLE 18, AS WELL AS A VIOLATION
OF THE PRIVACY ACT THROUGH THE DISCLOSURE OF CONFIDENTIAL BANKING
RECORDS. [REDACTED] OBTAINED THE TAPE ON OR ABOUT
06/02/89. [REDACTED] OBTAINED THE TAPE FROM [REDACTED] ON
FRIDAY, 06/09/89. [REDACTED] PROVIDED THE TAPE TO THE PHOENIX FBI
ON MONDAY, 06/12/89. THE TAPE, AS WELL AS A TRANSCRIPT OF THE
CONVERSATION, WAS NOT REVIEWED BY THE PHOENIX DIVISION. INSTEAD,
THESE ITEMS WERE SEALED AND PLACED IN EVIDENCE PENDING A DECISION
BY UNITED STATES ATTORNEY STEPHEN M. MC NAMEE CONCERNING THE

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29A-LA-102009

UNCLAS

FIRST AMENDMENT IMPLICATIONS OF THIS RECORDING.

[REDACTED] ADVISED THAT HE HAS ALREADY FORWARDED A COPY OF THIS RECORDING TO [REDACTED] IN THE PUBLIC INTEGRITY UNIT AT THE DEPARTMENT OF JUSTICE. [REDACTED] ADVISED THAT [REDACTED] ALSO MAINTAINS A COPY OF THIS RECORDING.

[REDACTED] IS A SUBJECT IN AN ONGOING INVESTIGATION INTO LINCOLN SAVINGS AND LOAN ASSOCIATION AND ~~XX~~AMERICAN CONTINENTAL CORPORATION~~XX~~. [REDACTED] IS ALSO THE SUBJECT OF A SEPARATE PHOENIX BANK FRAUD INVESTIGATION [REDACTED] WHICH INVOLVES A MULTI-MILLION DOLLAR KITING SCHEME.

CURRENTLY THE PHOENIX GAZETTE IS FILING SUIT IN MARICOPA COUNTY SUPERIOR COURT AGAINST AMERICAN CONTINENTAL CORPORATION, [REDACTED] IN AN ATTEMPT TO REGAIN CUSTODY OF THE TAPE, ITS COPIES, AND TRANSCRIPTS.

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VZCZCPX0004

PP HQ LA

DE PX #0004 1740305

ZNR UUUUU

P 230243Z JUN 89

FM FBI PHOENIX (P)

TO DIRECTOR FBI/PRIORITY/

FBI LOS ANGELES (29A-LA-102009)/PRIORITY/

BT

UNCLAS

CITE: //3630//

PASS: [REDACTED] FINANCIAL CRIMES UNIT, FBIHQ; [REDACTED]

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[REDACTED] PUBLIC CORRUPTION UNIT, FBIHQ.

SUBJECT: DESERT GEM; MAJOR CASE 24; OO: LOS ANGELES.

RE PHOENIX TELETYPE TO THE BUREAU AND LOS ANGELES, 06/13/89,
CAPTIONED AS ABOVE, AND TELCAL FROM PHOENIX ASAC [REDACTED]

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[REDACTED] TO DAD THOMAS KELLEY, LEGAL COUNSEL DIVISION,

06/14/89.

FOR THE INFORMATION OF THE BUREAU, ON 06/13/89, PHOENIX
DIVISION SAS REVIEWED BOTH THE TAPE RECORDING AND TRANSCRIPT

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PAGE TWO DE PX 0004 UNCLAS

WHICH HAD BEEN FURNISHED TO THE PHOENIX OFFICE OF THE FBI BY

[REDACTED] ON 06/12/89. THIS REVIEW

DETERMINED THAT THE TAPE RECORDING CONTAINS INTERVIEWS AND

PARTIAL INTERVIEWS BETWEEN PHOENIX GAZETTE REPORTER, [REDACTED]

[REDACTED] AND 14 UNIDENTIFIED INDIVIDUALS.

ON 06/14/89, PHOENIX PRINCIPAL LEGAL ADVISOR (PLA) MET WITH UNITED STATES ATTORNEY STEPHEN M. MC NAMEE, PHOENIX, AND WAS ADVISED THAT DUE TO A POSSIBLE CONFLICT OF HIS OFFICE INVESTIGATING POTENTIAL WITNESSES WHO ARE FDIC/FSLIC REGULATORS, HIS OFFICE WOULD NOT REVIEW THE TAPE RECORDING OR TRANSCRIPT, AND THAT THE FBI SHOULD COORDINATE THIS MATTER WITH [REDACTED] PUBLIC INTEGRITY SECTION, DOJ, WHO HAD BEEN DESIGNATED TO REVIEW THE COPY OF THE TAPE RECORDING WHICH [REDACTED] ALSO PREVIOUSLY FURNISHED TO DOJ.

ON 06/15/89, ASAC, PHOENIX, TELEPHONICALLY CONTACTED [REDACTED] [REDACTED] DOJ, WHO REQUESTED THAT A TRANSCRIPT OF THE TAPE ALSO BE FURNISHED FOR HIS REVIEW. [REDACTED] WAS FURTHER INFORMED THAT A HEARING ON THE PHOENIX GAZETTE'S LAW SUIT AGAINST AMERICAN CONTINENTAL CORPORATION (ACC), [REDACTED] FOR RETURN OF THE TAPE HAD BEEN SET FOR 4:00 P.M., ON 06/21/89,

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PAGE THREE DE PX 0004 UNCLAS

IN MARICOPA COUNTY SUPERIOR COURT.

ON 06/21/89, PLA, PHOENIX, TELEPHONICALLY CONTACTED [REDACTED]
[REDACTED] DOJ, TO DISCUSS THE GOVERNMENT'S POSITION REGARDING
DISPOSITION OF THE ORIGINAL TAPE RECORDING. [REDACTED] STATED THAT
INASMUCH AS HE HAD BEEN UNABLE TO REVIEW EITHER THE TAPE
RECORDING OR THE TRANSCRIPT, HE WAS REFERRING THIS MATTER TO
ANOTHER ATTORNEY IN HIS SECTION, [REDACTED] WHO WOULD
CONTACT EITHER THE PHOENIX ASAC OR PLA AS SOON AS POSSIBLE.

ON 06/21/89, [REDACTED] TELEPHONICALLY CONTACTED PLA, PHOENIX,
AND ADVISED THAT AFTER HAVING REVIEWED BOTH THE TAPE AND THE
TRANSCRIPT, [REDACTED]

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PAGE FOUR DE PX 0004 UNCLAS

[REDACTED]

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ON 06/21/89, JUDGE GOODFARB, MARICOPA COUNTY SUPERIOR COURT,
ORDERED [REDACTED] AND [REDACTED]
[REDACTED] OF LOS ANGELES (WHO REPRESENTS [REDACTED] TO
SURRENDER COPIES OF THE TAPE RECORDING TO LAWYERS FOR THE PHOENIX
GAZETTE NEWSPAPER. THE JUDGE'S ORDER DID NOT INCLUDE THE
ORIGINAL TAPE RECORDING MAINTAINED BY THE PHOENIX DIVISION, AND
THE JUDGE FURTHER GRANTED A 48 HOUR DELAY IN IMPLEMENTATION OF
THE ORDER TO ALLOW THE PARTIES TO SEEK A STAY FROM A HIGHER COURT
PENDING APPELLATE REVIEW.

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ON 06/22/89, PLA, PHOENIX, CONTACTED ASSISTANT UNITED STATES
ATTORNEY (AUSA) [REDACTED], CHIEF, CIVIL SECTION, USA'S OFFICE,
PHOENIX, REGARDING JUDGE GOODFARB'S RULING. AUSA [REDACTED] AND THE
PLA CONCURRED THAT INASMUCH AS THE COURT'S ORDER DID NOT
ENCOMPASS THE ORIGINAL TAPE RECORDING, IT SHOULD BE RETAINED BY
THE PHOENIX OFFICE. AUSA [REDACTED] ALSO STATED THAT HE HAD BEEN
CONTACTED BY [REDACTED] AND ADVISED BY HIM THAT AN
APPEAL OF JUDGE GOODFARB'S ORDER WOULD BE PURSUED. AUSA [REDACTED]
FURTHER ADVISED THAT HE HAD CONTACTED [REDACTED] OF THE PUBLIC

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/7/89

[redacted] date of birth [redacted]
Social Security Account Number [redacted] was contacted at his
place of employment, LINCOLN SAVINGS AND LOAN (LS), 2735 East
Camelback Road, Phoenix, Arizona 85016, telephone [redacted]
[redacted] was advised of the identity of the interviewing agent
and the nature of the interview. He then provided the following
information:

[redacted] is [redacted] for LS. Prior to his
employment with LS he was employed by AMERICAN CONTINENTAL
CORPORATION (ACC), LS's parent company. [redacted] has also served
as an Officer on various ACC and LS subsidiaries. On several
occasions throughout his employment [redacted] was approached by
superiors within the corporation who requested that [redacted] make
monetary contributions to certain politicians. The people
soliciting for contributions varied, but they were always
superiors of [redacted]. The person soliciting the contribution
would always make it clear that the donation was not necessary
and that failure to contribute would not effect career
advancement. [redacted] always made the contributions as
requested.

[redacted] could not recall exactly who he made
contributions to or even who requested that he make
contributions. [redacted] was not reimbursed for the contributions
that he made. [redacted] will be available for recontact should
more information be necessary.

Investigation on 6/29/89 at Phoenix, Arizona File # 56C-101615-6
by SA [redacted] Date dictated 7/3/89

56C-LA-101615-10

SEARCHED		INDEXED	
SERIALIZED		FILED	
JUL 26			
FBI - LOS ANGELES			

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(Mount Clipping in Space Below)

Solicited Donations From Firm Chief, Cranston Says

By JAMES S. GRANELLI, Times Staff Writer

Sen. Alan Cranston, already under fire for aiding Phoenix businessman Charles H. Keating in his battles with savings and loan regulators, said Monday that he solicited a \$400,000 donation from Keating for a voter registration group formed by the senator's son.

The California Democrat said he also asked Keating in 1987 and 1988 to donate a total of \$450,000 to two other nonprofit, nonpartisan voter registration groups "because of my determination to do what I can to increase voter participation."

Keating is the chairman of American Continental Corp. in Phoenix, which owns Lincoln Savings and Loan. The Irvine thrift was seized by regulators in April, one day after American Continental filed for bankruptcy. Regulators claimed that the company was operating Lincoln unsafely and dissipating the S&L's \$5.3 billion in assets.

In February, 1988, American Continental gave \$400,000 to the Center for Participation in Democracy Inc., a Los Angeles organization formed by Cranston's son, Kim, to train organizers and carry out nonpartisan voter registration drives.

Cranston said Monday in a written statement that none of the funds he solicited went to him personally or politically.

Since the bankruptcy of American Continental and seizure of Lincoln, Cranston's relationship with Keating has come under scrutiny, particularly by investors who bought \$200 million worth of American Continental debt securities through the Lincoln branches. Those bondholders claim they were falsely led to believe that the bonds were federally insured, and have filed lawsuits claiming they were defrauded by Keating and other American Continental executives and professional advisers for the company.

The lawsuits contend that Keating and his associates made large campaign contributions to numerous politicians, who in turn helped Keating keep his business afloat by representing his cause before regulators. Keating donated \$39,000 to Cranston's 1986 reelection campaign.

At Keating's behest, Cranston joined other senators in two meetings with regulators in April, 1987. A week later, Cranston and four other senators talked with federal regulators from the board's San Francisco office.

In March and early April of this year, Cranston talked with two bank board members to urge them to consider approving Keating's effort to sell Lincoln. Regulators had refused to approve the sale, saying the proposed buyers simply did not have enough cash to complete the deal.

Cranston said Monday that he "did do a pretty stupid thing, politically" in giving the appearance that he had interceded to win favorable treatment of Keating. But he said he did nothing improper in trying to get "fair play" for a California firm.

The senator also denied doing anything improper in soliciting money for worthy causes, such as his son's voter-registration group.

Kim Cranston, 37, founded the Center for Participation in Democracy, a nonprofit organization that trains organizers and carries out nonpartisan voter education and registration drives.

Kim Cranston, who now works in Lt. Gov. Leo McCarthy's office in Sacramento, could not be reached for comment Monday. State records show that American Continental gave the money to the center in February, 1988. The amount represented 29% of the center's \$1.4-million budget for its fiscal year, which ended May 31, 1988.

(Indicate page, name of newspaper, city and state.)

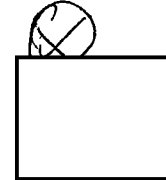
LOS ANGELES TIMES
LOS ANGELES, CA.

Date: TUES., JULY 18, 1989
Edition: DAILY PG. 3, 20.

Title: SOLICITED DONATIONS FROM FIRM CHIEF, CRANSTON SAYS

Character:
or
Classification:
Submitting Office:
LOS ANGELES

Indexing:



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Los Angeles Times

Sen. Alan Cranston

56c-LA-0101615-9

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 08 1989	
FBI - LOS ANGELES	

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(Mount Clipping in Space Below)

Cranston Aided S&L, Solicited Funds

By Charles R. Babcock
Washington Post Staff Writer

Sen. Alan Cranston (D-Calif.) raised \$850,000 for three "non-partisan" voter-registration groups from a troubled savings and loan owner for whom Cranston had intervened with federal regulators. One of the groups was founded by the senator's son.

Cranston said in a statement that he had solicited funds from Charles H. Keating, head of Lincoln Savings and Loan of Irvine, Calif., in late 1987 and early 1988, while Keating was in the midst of a feud with federal regulators over Lincoln's financial condition. Lincoln was seized by federal regulators in April, just after its parent, American Continental Corp., of Phoenix, began bankruptcy proceedings.

Cranston was one of five senators who attended meetings on Keating's behalf with officials of the Federal Home Loan Bank Board in April 1987. The senators, who had received more than \$300,000 in donations from Keating and his employees, said they merely were seeking an explanation of why a

board examination of Lincoln was taking so long.

Sen. Donald W. Riegle (D-Mich.) returned more than \$68,000 in Keating-related donations a year later, during his reelection campaign, because he said he wanted to avoid even of the appearance of a conflict of interest. Cranston received \$39,000 in donations from Keating and his associates during his 1986 reelection race.

In March and early April this year, Cranston again intervened for Keating, urging regulators to permit Keating to sell Lincoln.

"There was nothing improper in any of my contacts with Charles Keating," Cranston's statement said, "but unfortunately, my efforts to get fair play for a California firm seem to have given the appearance that I had interceded to get the bank board to go easy on Keating and that I had acted only in exchange for contributions."

He made the statement after a report on one of the contributions appeared in the Los Angeles Daily News.

The senator said in a telephone interview yesterday that he could

(Indicate page, name of newspaper, city and state.) Page A-6
The Washington Post
Washington D.C.

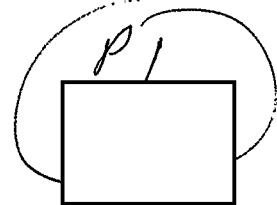
Date: 7/19/89
Edition:

Title: "Cranston Aided S&L,
Solicited Funds"

Character: 56C-4A-0101615
or

Classification:
Submitting Office:
Santa Ana RA, LA Div.

Indexing:



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56C-101615-8

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FBI — LOS ANGELES

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separate his help for Keating from his campaign donations because "I've done things for many, many people" who never contributed to him or his causes. He said he did not think Keating felt pressured to respond to his requests for funds for groups promoting voter registration because "it was not to benefit me and I knew he had given to many worthwhile causes."

In the statement, Cranston said: "Looking back from the view of the current climate, I did do a pretty stupid thing politically."

Cranston said he asked Keating for the funds because voter turnout "has become one of the driving forces in my life."

Murray Flander, Cranston's spokesman, said Keating gave \$250,000 to two voter groups in November 1987. The senator visited Keating in Phoenix in February 1988 and probably solicited two more donations there, he added.

One was for \$400,000 to the Center for Participation in Democracy, which was founded by Cranston's son, Kim, now chief of staff to California Lt. Gov. Leo McCar-



SEN. ALAN CRANSTON
.... "a pretty stupid thing politically"

thy. Kim Cranston is not paid by the voter group, Flander said.

Cranston's trip to see Keating in Phoenix was paid for by New Dimension Resources, Flander said. The group is listed in Cranston's 1988 disclosure as having paid for a dozen Cranston trips across the country. The center founded by his son paid for three other trips.

Keating gave \$125,000 to USA Votes, a project of New Dimension. He also gave \$325,000 to the Forum Institute, another group that supports voter registration.

Keating's Phoenix office said he could not be reached for comment.

(Mount Clipping in Space Below)

Cranston Asked Milken for Aid, Aide Discloses

By KEITH LOVE,
Times Political Writer

Sen. Alan Cranston's top aide acknowledged Monday that the senator had once asked junk bond expert Michael Milken to contribute to a voter registration project set up by Cranston for the 1988 election.

But Roy Greenaway, aide to the California Democrat, said the solicitation came before Milken was indicted Sept. 7 on federal securities fraud charges. Also indicted was Milken's employer, Drexel Burnham Lambert of Beverly Hills.

A foundation set up by Drexel contributed \$10,000 to the Forum Institute, one of three voter registration projects Cranston helped establish. The institute's records show the money was received after the indictments.

The San Jose Mercury News, which first reported the \$10,000 contribution Sunday, indicated there was some confusion among Cranston's advisers over when he solicited money from Milken and over how the Drexel contribution

Please see CRANSTON, Page 18

(Indicate page, name of newspaper, city and state.) Part 1 Page 3

Los Angeles Times
Orange County, California

Date: 7/25/89

Edition:

Title: "Cranston Asked
Milken For Aid, Aide
Discloses"

Character:

or

Classification:

Submitting Office:

Santa Ana RA, LA Div.

Indexing:



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56c-LA-01016159

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SERIALIZED	FILED	b7c
AUG 6 1989		
FBI — LOS ANGELES		

CRANSTON: Funds for Project

Continued from Page 3

was sent to the voter registration group.

Greenaway said Monday in a telephone interview, "Alan did ask Milken to give to the group but it was well before [Milken's] problems, as much as two years ago."

As for the \$10,000 given by Drexel's foundation to Voter Forum, Greenaway said, "It did not go through us," meaning through Cranston's own Senate reelection apparatus.

"We didn't know anything about it," Greenaway said. "It must have gone directly to Voter Forum."

Earlier this year Cranston, a member of the Senate Banking Committee, urged the Securities and Exchange Commission not to

force Drexel to move its high-yield bond division from Beverly Hills to New York.

As Cranston looks to reelection in 1992, the large contribution by Drexel to the senator's voter registration project could become controversial, since Cranston contacted the SEC to plead Drexel's case.

Potential Controversy

Another potential controversy arose last week when Cranston acknowledged that he had asked for \$850,000 in contributions to the voter registration groups from Charles H. Keating, chairman of the American Continental Corp. of Phoenix.

the Irvine thrift that was taken over by regulators in April.

At Keating's request, Cranston and other senators met with federal savings and loan regulators in April, 1987.

Last March and April, Cranston also spoke with two bank board members to ask to them to approve Keating's effort to sell Lincoln Savings. Regulators would not approve the sale because they said the proposed buyers did not have enough cash.

A lawsuit filed by American Continental investors charges that Keating made large contributions to prominent politicians in an effort to get them to meet with regulators on his behalf. The investors contend that they were defrauded by Keating and led to believe that the bonds they bought were federally insured.

(Mount Clipping in Space Below)

Cranston Asked Milken for Aid, Aide Discloses

By KEITH LOVE,
Times Political Writer

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Continued from Page 3

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(Indicate page, name of newspaper, city and state.) Part 1 Page
Los Angeles Times
Orange County, California

Date: 7/25/89
Edition:

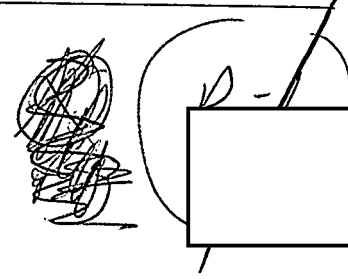
Title: "Cranston Asked Milken
For Aid, Aide Discloses"

Character:
or

Classification:
Submitting Office:

Santa Ana RA. LA Div.

Indexing:



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56C-LA-101615-10

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FBI - LOS ANGELES

(Mount Clipping in Space Below)

Cranston sought funds from Keating for groups

By Jonathan Lansner
The Register

Sen. Alan Cranston acknowledged Monday that he solicited \$850,000 in donations to three non-partisan political groups from the chairman of the company that owns Lincoln Savings and Loan.

Cranston's ties to American Continental Corp. Chairman Charles Keating have come into question since April, when the company declared bankruptcy and federal regulators took control of Irvine-based Lincoln Savings.

Some 23,000 Californians face losing \$200 million they invested in uninsured American Continental bonds sold through Lincoln's branches.

In 1987 and 1988, Cranston, a Democrat, said he got Keating's company to give \$400,000 to the Center for Participation in Democracy, \$325,000 to the Forum Institute, and \$125,000 to USA Votes.

The groups promote various voter education and registration campaigns, a pet project of Cranston's.

Mel McDonald, an attorney representing Keating, said the donations were legal and part of the company's extensive charitable givings.

"I'm baffled," said McDonald. "How anyone could see anything wrong in this."

Cranston, who got \$39,000 from American Continental officials for his own campaign, was one of five US senators who lobbied federal regulators on behalf of Keating in April 1987.

American Continental won an unprecedented re-examination of Lincoln's books in May 1988, over-throwing a proposal from regulators to take control of the savings and loan.

Cranston also came to Keating's aid earlier this year, trying to get regulators to approve a sale of Lincoln arranged by American Continental.

The sale was rejected and Lincoln was seized by regulators. American Continental is now the subject of criminal investigation.

"Because my name was linked with Keating's in news stories, some investors seem to have gotten the impression that I had endorsed what turned out to be bankrupt American Continental's bonds," Cranston said in a statement. "I'm sorry that this may have caused the bondholders to put more trust in Keating than he may have deserved. I gave no such endorsement."

(Indicate page, name of newspaper, city and state.)
Page D-3
The Orange County Register
Orange County, California

Date: 7/18/89
Edition:

Title: "Cranston Sought Funds From Keating For Groups"

Character:
or

Classification:

Submitting Office:

Santa Ana RA, LA Div.

Indexing:

56C-LA-101615-11

LA 0101615
56C-LA-101615



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(Indicate page, name of newspaper, city and state) Page B-6
The Orange County Register
Orange County, California

(Mount Clipping in Space Below)

Cranston lends a hand

Date: 8/7/89
Edition:

Title "Cranston Lends A Hand"

The savings and loan crisis has landed on the doorstep of Sen. Alan Cranston. The evidence increasingly shows that he was a key player in delaying actions that, in the mid-1980s, would have slowed or halted the rush to insolvency. The cost will run to at least \$159 billion over the next 10 years, and including interest, at least \$285 billion over the next 30 years. That breaks down to \$1,500 per family.

Sen. Cranston's actions entangled him with Lincoln Savings and Loan of Irvine, which federal regulators seized earlier this year. The regulators say taxpayers could pay more than \$2 billion to cover Lincoln's bad loans. But the cost will be even higher to many other people. *The New York Times* reports that in the years before its troubles, Lincoln sold more than \$200 million in debts in its parent company, American Continental Corporation, "to thousands of bank customers, including many elderly. That paper does not carry the backing of federal deposit insurance, and is now considered worthless." Imagine being an elderly person whose entire savings were wiped out.

In 1987 and 1988 Sen. Cranston and four of his Senate colleagues intervened on Lincoln's behalf to stall federal investigations. And in the years before they helped Lincoln, its chairman, Charles H. Keating, was a big political contributor to all five of them.

Before Sen. Cranston met with federal regulators to intervene for Lincoln, the *Times* reports, he "received \$39,000 in campaign contributions from Mr. Keating." More: "Earlier this month, he acknowledged soliciting Mr. Keating from 1987 to

Character:
or 29A-LA-102009
Classification:
Submitting Office:
Santa Ana RA, LA Div.
Indexing:

56C-0101615

56C-LA-101615-12

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1988 for \$850,000 in donations to three groups aimed at increasing voter participation." One California group employed Sen. Cranston's son Kim. The voter registration drive was crucial to Sen. Cranston's narrow 1986 re-election victory over Ed Zschau.

Says Sen. Cranston: "There was nothing improper in any of my contacts with Charles Keating ... Nor was there anything improper in my joining with other senators to ask the Federal Home Loan Bank Board to take prompt corrective action ... I sincerely believed then, and I believe now, that I acted solely in the interest of fair play for a California business, its shareholders, and depositors."

Well, maybe.

But consider a recent development. *The Wall Street Journal* reports that two weeks ago Sen. Cranston provided a crucial vote allowing M. Danny Wall, the top S&L regulator, to keep his job without facing Senate reconfirmation. Confirmation hearings would have included questions about why regulatory action against Lincoln Savings was delayed, and what role Sen. Cranston played in the delay. If Sen. Cranston has done "nothing improper," as he says, he should have welcomed the questioning of Mr. Wall.

It's clear now that Sen. Cranston's actions should be investigated by the Senate ethics committee. If he has done "nothing improper," then an investigation would clear his name. But enough questions exist that the people — especially taxpayers who will pay \$1,500 each and Lincoln Savings depositors who lost all their money — deserve answers.

SUPERVISOR: PLEASE SEE THAT THESE ARTICLES GET TO THE
APPROPRIATE ROTOR/FILE/SQUAD IN LOS ANGELES.

Rotor WCC-4

Please put this

Copy in 56e-0101615

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/16/89

TO : SAC, PHOENIX

FROM : SAC, LOS ANGELES (56C-LA-101615) (WCC-4/SARA) (P)

SUBJECT: CHARLES KEATING, Chairman,
 ANAHEIM CONTINENTAL CORP,
 Phoenix, Arizona;
 UNSUBS;
 PRINCIPALS AND OFFICERS OF LINCOLN SAVINGS AND LOAN;
 Irvine, California;
 ELECTION LAW VIOLATION;
 OO: Los Angeles

For information of Phoenix Division, set out below are names and addresses of officers and employees of AMERICAN CONTINENTAL CORPORATION (ACC) and/or its subsidiaries, who appear to have made political contributions in 1987 and 1988.

As discussed during meetings the week of July 17, 1989, which were held in Santa Ana, an immediate objective in this matter is to identify and interview all contributors who may have been solicited by CHARLES KEATING.

It is essential at this time to verify the addresses set out so as to contact those individuals in approximately mid September.

Phoenix is requested to verify through DMV records, voter registration records, or any other logical means the address of the listed contributors.

2 - Phoenix
 5 - Los Angeles
 (2 - 56C-LA-101615)
 (2 - 29A-LA-102009)
 (1 - 29A-LA-102009-SUB P)

56C-LA-101615-102
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 INDEXED
 SERIALIZED
 FILED

Approved: _____

Transmitted _____

(Number) (Time)

Per _____

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In reviewing the federal election commission reports for the year 1985 and 1986, it appears most individuals who donated in 1987 and 1988 also donated in 1985 and 1986. The review did indicate one individual donated in 1986 who did not donate in 1987 or 1988. That individual was [REDACTED] The FEC records indicate that she, in 1986, worked for ACC. No telephone or address is available at this point.

LEADS

PHOENIX DIVISION

AT PHOENIX, ARIZONA

1. Phoenix is requested through all logical sources to verify the above addresses for the listed contributors.
2. Phoenix is requested to immediately advise Los Angeles as to the confirmation on the address or a different address if known.
3. Phoenix Division is requested to check through state sources the above names to determine if any of those names contributed to state politicians during the years 1985 through 1988.

LOS ANGELES DIVISION

AT LOS ANGELES, CALIFORNIA

1. Los Angeles will verify the address of all individuals listed above with California addresses.

56C-LA-101615

2. Los Angeles Division will computerize not only the above information but any and all additional information regarding contributions made.

3. Los Angeles Division will check with the Fair Political Practices Commission in Sacramento, California, to determine if any of the above individuals made contributions to state politicians during the years 1985 through 1988.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/25/89

TO : SAC, PHOENIX
 FROM : SAC, LOS ANGELES (56C-LA-101615) (WCC-4/SARA) (P)
 SUBJECT: CHARLES KEATING, CHAIRMAN
 AMERICAN CONTINENTAL CORPORATION,
 Phoenix, Arizona;
 ET AL;
 ELECTION LAW VIOLATION;
 OO: Los Angeles

Re Los Angeles airtel to Phoenix, dated 8/16/89.

Enclosed for Phoenix is one copy of a letter from Congressman STEVE BARTLETT to U.S. Attorney MARVIN COLLINS, Northern District of Texas.

As mentioned in this referenced communication, the objective at this point is to identify any and all individuals who may have been solicited by CHARLES KEATING to make contributions to any federal candidates. A further review of the Federal Election Commission (FEC) records has indicated a few additional individuals may have been solicited and did in fact donate to federal candidates.

According to FEC records, one [redacted] made various contributions in 1987. [redacted] is employed in Cincinnati, Ohio, for what appears to be [redacted]. This may be [redacted] in Cincinnati, Ohio, in which KEATING was formerly associated. Also according to FEC records, one [redacted] donated \$10,000 to the President's

2 - Phoenix (Enc. 1)
 5 - Los Angeles
 (2) - 56C-LA-101615
 (2) - 29A-LA-102009
 (1 - 29A-LA-102009-SUB P)

(7)

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 SERIALIZED
 FILED

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Approved: [redacted]

Transmitted

(Number) (Time)

Per [redacted]

dinner which is also known as the 1987 Republican Senate-House Dinner Committee. The records indicate he is from [REDACTED] [REDACTED] and at that time was employed by the FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC).

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The following is a list of spouses who made contributions to a federal candidate during 1985 through 1988:

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56C-LA-101615



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In addition to the above, the FBI office in Santa Ana, California, has received a copy of a letter directed to United States Attorney MARVIN COLLINS of the Northern District of Texas. This letter is from Congressman STEVE BARTLETT, Congress of the United States, House of Representatives, Washington D.C. The letter is dated May 22, 1989, and discusses a PHIL DONAHUE show which was taped in Denver, Colorado, on May 15, 1989. The letter indicates representative BARTLETT was a guest on the PHIL DONAHUE SHOW which discussed the subject of Savings and Loan bailouts. At the conclusion of the show [redacted]

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In addition, contact has been made with [redacted] to Congressman STEVE BARTLETT in Washington D.C. She advised STEVE BARTLETT is willing to fully cooperative in this matter and to be interviewed by an FBI agent and to review the PHIL DONAHUE tape along with the interviewing agent. The Congressman is available on 8/31/89 in Washington, D.C., and Santa Ana FBI has requested a representative from the Congressional Affairs and from the Public Corruption Unit at FBIHQ meet with Congressman BARTLETT.

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The objective in the above interview and tape review is to have BARTLETT, hopefully, [redacted]

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56C-LA-101615



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As mentioned in previous communications, Santa Ana FBI is currently compiling all available information on each of the known contributors. The information is currently being inputted into a personal computer after which reports will be available.

LEADS

LOS ANGELES DIVISION

AT SANTA ANA, CALIFORNIA

1. Make any and all attempts necessary to identify the two individuals present at the PHIL DONAHUE SHOW on 5/15/89.

2. Send appropriate communication to FBIHQ requesting their assistance in the interview of Congressman STEVEN BARTLETT.

DATABASE CONFIRMATION SHEET

DATABASE EFFECTIVE ON : 8/23/89

LOCATION OF WORKSTATION: SARA

CASE NUMBER: SLC-LA-0101615

DATA LOADER
(Individual maintaining D/B):

CASE AGENT:

SOFTWARE APPLICATION: (Rbase 6000, System V, Multiplan, Quattro, etc) System V

EQUIPMENT TYPE (IWS, Burroughs, etc.): TWS

BRIEF DESCRIPTION OF DATABASE
(Pen register, tolls, subscriber, investigative, etc.): Political Contributors list

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CLOSING DATE OF DATABASE: _____

DATABASE DISPOSITION
(DESTROYED, BULKY or 1A): _____

RA'S ONLY: PLEASE FILL-OUT FORM WHEN OPENING OR ARCHIVING A DATABASE. MAKE TWO COPIES: (1) SEND ONE COPY TO L.A. COMPUTER SECTION. (2) KEEP OTHER ON FILE FOR ARCHIVE PURPOSES. WHEN DATABASE IS ARCHIVED, FILL-OUT BOTTOM HALF AND SEND WHOLE FORM TO LOS ANGELES COMPUTER SECTION.

SLC-LA-0101615
1 - ISA
1 - 242-2-A

SLC-LA-0101615-15

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OCT 01 1989		FBI - LOS ANGELES	

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TO THE USER:

As a computer user, the following guidelines should at all times be kept in mind.

1. Each month, an inventory will be taken on the amount of data stored in each database. If there has been no change in the number of records contained therein, you will be advised of the following options. A) You may keep the database on the computer if you intend to use it. B) Automation personnel will archive the database on floppy disk, 1A it to the file and delete the original from the microcomputer.
2. Per SAC Memorandum 5-87 dated 2/10/87, entitled FBI MICROCOMPUTER POLICY states:
 - A. All information processed by the microcomputer must be contained within the case file and not considered a separate system of records. Information must be filed as a case serial, a 1A serial or a 1B serial.
 - B. Applicable information must be indexed using established indexing guidelines.
 - C. TURK time for use of the microcomputer is to be recorded using the substantive file classification.
 - D. Information generated from computer files that is intended for use as evidence must be maintained as a serial or as a bulky exhibit.
 - E. Information contained in computer file must undergo verification to insure accuracy of the information.
 - F. When a case is closed, all information in computer files associated with that case must be printed out. Storage media and printouts must be maintained in the file and disposed of under existing destruction criteria.
 - G. Disk files for cases that are the subject of FOIPA requests must be searched to insure that all information is provided to the person making the request.

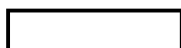
I have read and understand the above.


(database name)

8/28/89
(date)

56 C-LA-0101615
(file number)

1 -
1 - ISA
1 - 242-2-A


(3)

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FBI
MICROCOMPUTER APPLICATIONS USED
BY THE LOS ANGELES DIVISION

CASE AGENT:

[Redacted]

FILE NUMBER:

566-LA-0101615

DIRECTORY:

[Redacted]

DATABASE NAME:

[Redacted]

LOCATION (RA, or Off-site): Sant. An. RA

APPLICATION NAME (i.e. RBASE): IWS

MAKE OF EQUIPMENT: IBM

POLICY SIGNED: Yes X No

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b7E

Memorandum



To : SAC, PHOENIX (29A-LA-102009)

Date 7/31/89

From : SAA [REDACTED]

b6
b7C

Subject: DESERT GEM;
MAJOR CASE 24;
OO: PX/LA

The purpose of this memorandum is to provide a brief summary of the investigation conducted in captioned matter in the past 30 days and to provide the anticipated investigation for the next 30-day period.

The Phoenix Division continues to address the following priority areas:

- 1) Hidden Valley/Estrella land development land swaps.
- 2) ESOP/KEATING family stock transactions.
- 3) Political activities.
- 4) [REDACTED] loans/land transactions
- 5) Bankruptcy of AMERICAN CONTINENTAL CORPORATION and eleven subsidiaries.

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Hidden Valley/Estrella land development land swaps

The following investigation has been conducted:

- 1) Have obtained property records and sales data from TRW
- 2) Identified major land holders and developers and purchasers through AMCOR.
- 3) Served subpoena on [REDACTED]
[REDACTED]
- 4) Having a complete loan history printout run at LSL.

2-Phoenix 29A-LA-102009

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FBI - LOS ANGELES

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5) Have interviewed Bureau of Land Management officials regarding the exchange of federal land that became part of the Hidden Valley/Estrella land development.

6) Have taken aerial photographs of the Hidden Valley/Estrella properties.

Anticipated investigation will be the following:

1) Continue to identify major land holders in the Hidden Valley/Estrella development

2) Determine how much property was financed by LSL

3) Determine if ACC/LSL or its subsidiaries made concurrent purchases of the developer's land or assumed debt or obligation of theirs.

4) Determine if LSL financed both sides of the concurrent land transactions.

5) Isolate loan documents necessary to conduct interview of developers/borrowers.

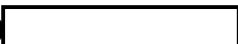
6) Review FDIC and FHLB examinations for areas of exams that may assist in land swaps areas and obtain examination supporting documents.

7) Interview past or current loan officers for details of LSL loans and notes.

8) Interview developers who participated in land swaps.

ESOP/stock transaction

The following investigation has been conducted in regard to this area:

1)  interviewed and did state CHARLES KEATING, JR., paid CONTINENTAL HOMES, INCORPORATED, Scottsdale, Arizona, with \$1.8 million in ACC stock for his outstanding loan to them which they assumed when they bought the home building business from ACC on May 30, 1985,

- [redacted]
- 2) [redacted] have been subpoenaed and delivered to the Federal Grand Jury (FGJ), Los Angeles,
 - 3) [redacted] have been obtained from LSL,
 - 4) ACC/LSL organization charts have been obtained and reproduced into flowchart format.

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Anticipated investigation under this area:

- 1) Obtain FGJ records regarding [redacted] from Los Angeles,
- 2) review and schedule [redacted]
[redacted]
- 3) interview ESOP section officers at LSL,
- 4) identify and attempt to interview ESOP section officers at ACC,
- 5) recontact [redacted]
[redacted] for details of their disposition of the ACC stock and determine [redacted] and [redacted] receipt of interest free loans for purchase of ACC stock and the disposition of that stock in the LSL interest-free loans,
- 6) Review and schedule LSL ESOP records,
- 7) identify all parties for ESOP/stock transaction interviews.

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Political activity area

In regards to this area of investigation, only subpoenas for [redacted] have been served.

Anticipated investigation will be:

- 1) Interview [redacted] regarding a local politician being added to a land investment group at the direction of CHARLES KEATING, JR.,
- 2) interview ACC/LSL employees regarding their political contributions made in possible

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violation of election laws,

3) determine amounts and source of political/charitable contributions from ACC/LSL/KEATING to determine if they were diverted LSL funds or fraudulently obtained funds,

4) determine if IRS records should be obtained for organizational donations.

5) determine if state of Arizona has records that can be cross-checked for contributions from LSL/ACC/KEATING.

Bankruptcy area

The following investigation has been conducted:

- 1) Follow the bankruptcy proceedings with the FDIC attorneys.
- 2) Follow the bankruptcy proceedings with the U.S. Bankruptcy Trustee and his staff,
- 3) interview two individuals regarding contents of two ACC vans loading boxes on an L1011 cargo plane,
- 4) Have conducted a partial review of the bankruptcy schedules and petition, have made inquiries as to the copying of the bankruptcy documents.

Anticipated investigation in this area will be:

- 1) Interview the ACC employee who was in Zurich, Switzerland for KEATING,
- 2) follow with FDIC attorneys and with the U.S. Trustee in regard to the ongoing bankruptcy proceedings,
- 3) obtain the ACC flight records from LA and review these for possible leads.

In regard to the  land transactions and loans, this area will continue to be followed with the office of the

- PX 29A-LA-102009

[REDACTED]

U.S. Attorney, Phoenix, Arizona [REDACTED] subpoenaed

[REDACTED]
will be reviewed.

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FBI

TRANSMIT VIA:

☒ Teletype
☒ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 8/25/89

1 FM SAC, LOS ANGELES (56C-LA-101615) (WCC-4/SARA) (P)
 2 TO DIRECTOR, FBI 9:45 (PST) 8/28/89 ELJ
 3 SUBJECT: CHARLES KEATING, CHAIRMAN, AMERICAN CONTINENTAL
 4 CORPORATION, PHOENIX, ARIZONA; UNSUBS; PRINCIPLES AND OFFICERS OF
 5 LINCOLN SAVINGS AND LOAN; IRVINE, CALIFORNIA; ELECTION LAW
 6 VIOLATION; OO: LOS ANGELES.

BT

UNCLAS

RE TELCAL ON 8/24/89, BETWEEN SPECIAL AGENT (SA) [REDACTED]

[REDACTED] AND SSA [REDACTED]

11 FOR INFORMATION AS MENTIONED IN THE REFERENCED TELCAL, A
 12 LETTER WAS WRITTEN BY UNITED STATES CONGRESSMAN STEVE BARTLETT
 13 FROM TEXAS TO THE UNITED STATES ATTORNEY IN THE NORTHERN DISTRICT
 14 OF TEXAS. THE LETTER WAS THEN FORWARDED DOWN TO THE UNITED
 15 STATES ATTORNEY'S OFFICE IN LOS ANGELES WHO THEN FORWARDED IT THE
 16 FBI IN SANTA ANA. THE CONTENTS OF THE LETTER INDICATE BARTLETT
 17 WAS A GUEST ON THE PHIL DONAHUE SHOW RECORDED IN DENVER,

2 - Los Angeles

(1 - 56C-LA-101615)

(1 - 29A-LA-102009) (Sub K)

[REDACTED]
(2)

56C-LA-101615-19

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 1 1989	
FBI - LOS ANGELES	

Approved: [REDACTED]

Transmitted

Fax at SARA
(Number) (Time)

Per [REDACTED]

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b7C

PAGE TWO (56C-LA-101615)

COLORADO, ON 5/15/89. THE SUBJECT OF THE SHOW WAS SAVINGS AND
LOAN BAILOUTS. AT THE CONCLUSION OF THE SHOW, CONGRESSMAN
BARTLETT [REDACTED]

b7D

[REDACTED]
[REDACTED] AN IMMEDIATE OBJECTIVE IN
THIS MATTER IS TO, AS QUICKLY AS POSSIBLE, [REDACTED]
[REDACTED]

ON 8/23/89, A FEDERAL GRAND JURY SUBPOENA WAS OBTAINED FROM
THE UNITED STATES ATTORNEY'S OFFICE IN LOS ANGELES AND
FACSIMILIED TO [REDACTED]

b3

[REDACTED]
IN ADDITION, CONTACT HAS BEEN MADE WITH [REDACTED]
[REDACTED] TO CONGRESSMAN STEVEN BARTLETT IN WASHINGTON, D.C. AT
[REDACTED] THIS MATTER HAS BEEN DISCUSSED AT WHICH TIME SHE
ADVISED CONGRESSMAN BARTLETT IS WILLING TO FULLY COOPERATE WITH
THE INVESTIGATION. CONGRESSMAN BARTLETT IS WILLING TO SIT DOWN
WITH AN FBI AGENT ON OR ABOUT 8/31/89 AND REVIEW THE TAPE OF THE
PHIL DONAHUE SHOW IN ATTEMPTS [REDACTED]
[REDACTED]

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IT IS REQUESTED THAT SSA [REDACTED] FROM THE PUBLIC
CORRUPTION UNIT, FBIHQ, AND A REPRESENTATIVE FROM THE

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PAGE THREE (56C-LA-101615)

CONGRESSIONAL AFFAIRS UNIT CONTACT [REDACTED] AND ARRANGE TO MEET WITH UNITED STATES CONGRESSMAN STEVEN BARTLETT AT HIS OFFICE IN WASHINGTON, D.C., ON 8/31/89.

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IN ADDITION TO THE ABOVE, LOS ANGELES HAS OBTAINED FROM THE FEDERAL ELECTION COMMISSION NAMES OF VARIOUS EMPLOYEES OF EITHER AMERICAN CONTINENTAL CORPORATION, LINCOLN SAVINGS AND LOAN, OR ANY OTHER SUBSIDIARY WHO MADE POLITICAL CONTRIBUTIONS TO FEDERAL CANDIDATES DURING THE YEARS OF 1985 THROUGH 1988. A LISTING OF APPROXIMATELY 75 EMPLOYEES ALONG WITH 25 OF THEIR SPOUSES HAS BEEN COMPILED AND IS CURRENTLY BEING INPUTED INTO A PERSONAL COMPUTER SYSTEM. IN ADDITION, THE ADDRESSES OF THOSE INDIVIDUALS ARE CURRENTLY BEING VERIFIED BY FBI PHOENIX AND FBI LOS ANGELES. IT APPEARS APPROXIMATELY 80 TO 85 PERCENT OF THE INDIVIDUALS ARE LOCATED IN THE PHOENIX, ARIZONA AREA.

THE IMMEDIATE OBJECTIVE OF THIS MATTER IS TO THOROUGHLY IDENTIFY THOSE INDIVIDUALS AND THEIR CURRENT ADDRESSES. IT IS ANTICIPATED THAT ON OR ABOUT 9/14/89 ATTEMPTS WILL BE MADE TO SIMULTANEOUSLY INTERVIEW THE ENTIRE LIST OF CONTRIBUTORS. THE SIMULTANEOUS INTERVIEWS ARE BEING CONDUCTED DUE TO THE FACT IT IS ANTICIPATED IF A FEW PEOPLE ARE INITIALLY CONTACTED THE CORPORATE COUNCIL OF AMERICAN CONTINENTAL CORPORATION WILL IMMEDIATELY GET INVOLVED AND MAKE ATTEMPTS TO STOP ANY ADDITIONAL INTERVIEWS WITH OTHER EMPLOYEES.

INVESTIGATION IS CONTINUING AND CONTACT WILL BE MAINTAINED WITH SSA [REDACTED] REGARDING THE ABOVE INTERVIEW OF STEVEN BARTLETT.

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b7C

BT

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 8/28/89

1 FM SAC, LOS ANGELES (56C-LA-101615) (WCC-4/SARA) (P)

2 TO SAC, SACRAMENTO

3:00 pm (PST) 8/28/89.

3 BT

4 UNCLAS

5 SUBJECT: CHARLES KEATING, CHAIRMAN, AMERICAN CONTINENTAL
 6 CORPORATION, PHOENIX, ARIZONA; UNSUBS; PRINCIPALS AND OFFICERS OF
 7 LINCOLN SAVINGS AND LOAN; IRVINE, CALIFORNIA; ELECTION LAW
 8 VIOLATION; OO: LOS ANGELES.

9 RE TELCAL BETWEEN SA [REDACTED] SANTA ANA RESIDENT
 10 AGENCY, AND RELIEF SUPERVISOR [REDACTED] SACRAMENTO DIVISION,
 11 ON 8/28/89.

12 FOR INFORMATION OF SACRAMENTO, IN JUNE OF 1989 INVESTIGATION
 13 WAS INITIATED REGARDING CAPTIONED SUBJECT AS A SPIN-OFF FROM THE
 14 LINCOLN SAVINGS AND LOAN BANK FRAUD AND EMBEZZLEMENT CASE.
 15 ALLEGATIONS ARE THAT CHARLES KEATING IS A HEAVY POLITICAL
 16 CONTRIBUTOR THROUGHOUT THE COUNTRY AND HAS REQUIRED VARIOUS
 17 EMPLOYEES FROM HIS SUBSIDIARIES TO MAKE POLITICAL CONTRIBUTIONS.

18 2 - Los Angeles

19 (1 - 56C-LA-101615)

20 (1 - 29A-LA-102009)

21 [REDACTED]
(2)

56C-LA-101615-20

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 14 1989	
ANGEL	

Approved: [REDACTED]

Transmitted

FAV - SPAA
 (Number) (Time)

Per [REDACTED]

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PAGE TWO (56C-LA-101615)

ALLEGATIONS FURTHER STATE KEATING HAS REIMBURSED THOSE EMPLOYEES EITHER THROUGH DIRECT REIMBURSEMENT OR THROUGH SALARY BONUSES AND COMPENSATION.

THIS INVESTIGATION TO DATE HAS IDENTIFIED APPROXIMATELY 100 PEOPLE THAT ARE EITHER DIRECT EMPLOYEES OF A KEATING SUBSIDIARY OR THE SPOUSE OF AN EMPLOYEE WHO HAVE MADE CONTRIBUTIONS TO FEDERAL CANDIDATES DURING THE YEARS 1985 THROUGH 1988. AT PRESENT THE ADDRESSES AND ANY FURTHER IDENTIFICATION OF THOSE PEOPLE ARE BEING VERIFIED. IT IS ANTICIPATED ALL OF THOSE INDIVIDUALS WILL BE SIMULTANEOUSLY INTERVIEWED IN MID SEPTEMBER.

THE LINCOLN SAVINGS AND LOAN INVESTIGATION IS BEING CONDUCTED IN CONJUNCTION WITH THE PHOENIX DIVISION. THE POLITICAL CORRUPTION ASPECT OF KEATING AND HIS ASSOCIATES IS ALSO BEING INVESTIGATED IN CONJUNCTION WITH THE PHOENIX DIVISION.

INVESTIGATION HAS DETERMINED IT IS ESSENTIAL TO ALSO DETERMINE WHAT STATE CANDIDATES, IF ANY, THE ABOVE INDIVIDUALS OR ANY OTHER KEATING EMPLOYEE HAVE DONATED TO DURING THE YEARS 1985 THROUGH 1988. CONTACT HAS BEEN MADE WITH THE TECHNICAL SERVICES DIVISION OF THE FAIR POLITICAL PRACTICES COMMISSION (FPPC) IN SACRAMENTO, CALIFORNIA. THE FPPC VERIFIED THE FACT THEIR RECORDS WOULD REFLECT ANY AND ALL STATE CANDIDATES TO WHICH THE ABOVE INDIVIDUALS HAVE MADE CONTRIBUTIONS. THE FPPC HAS ALSO STATED IT WOULD REQUIRE A HAND SEARCH PROCEDURE IN ORDER TO DETERMINE THE CANDIDATES EACH PERSON HAS DONATED TO. THE FPPC IS NOT IN A POSITION TO DEDICATE THE TIME OR THE MAN POWER TO SUCH A PROJECT AND SUGGEST THE FBI SUPPLY MAN POWER TO CONDUCT THE SEARCH.

PAGE THREE (56C-LA-101615)

ARRANGEMENTS HAVE BEEN MADE WITH THE FPPC FOR SA
TO CONDUCT A HAND SEARCH ON 8/29/89 AND 8/30/89. IT IS
ANTICIPATED THE SEARCH WILL BE COMPLETED BY THE AFTERNOON OF
WEDNESDAY, 8/30/89. SAC'S LOS ANGELES AND SACRAMENTO CONCUR WITH
THE TRAVEL.

BT

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b7c

(Mount Clipping in Space Below)

Please see TAGGART, Page 6
56C-0101-615

Second Ex-State Official Employed by Lincoln Parent

By DAN MORAIN, Times Staff Writer

SACRAMENTO—Franklin Tom, who was state corporations commissioner when the department approved now bankrupt American Continental Corp.'s ill-fated sale of \$200 million in bonds, went to work for the company within weeks of leaving the state post, it was revealed Thursday.

Although it had been known that Tom represented the firm in 1988, it had not been revealed that he worked for the firm almost immediately upon leaving his state job at the end of February, 1987.

State law requires department heads to wait at least 12 months before they lobby their former departments.

Tom insisted in testimony before an Assembly subcommittee on savings and loans that he violated no law. He said he merely requested on behalf of American Continental that the department transfer its file on the company from its San Francisco to the Los Angeles office. The file was moved from the San Francisco office as a result.

In a memo written at that time, a Department of Corporations official, noting that Tom was American Continental's attorney, said he told Tom of his concern that the company had a debt of more than \$1 billion and that he thought it could not meet its obligations.

In April, American Continental Corp. declared bankruptcy, and regulators seized its main subsidiary, Lincoln Savings & Loan of Irvine. As many as 23,000 investors, many of them elderly Southern Californians, invested in those bonds, only

Please see LINCOLN, Page 6

(Indicate page, name of newspaper, city and state.) THE LOS ANGELES TIMES, LOS ANGELES, CALIFORNIA
PAGE 1, PART IV
Date: 9/1/89
Edition:

Title: SECOND EX-STATE OFFICIAL EMPLOYED BY LINCOLN PARENT

Character:
or 56C-0101-615
Classification:
Submitting Office: SANTA ANA RESIDENT AGENCY - LA DIVISION

Indexing:

56C-CA-10615-20X1

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 8 1990	
FBI - LOS ANGELES	

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b7c

LINCOLN: Second Ex-Official

Quizzed

Continued from Page 1

to find that they held little more than paper.

In frenzied final months before American Continental declared bankruptcy in April, the company sold "\$100 million worth of worthless paper," peddling the bonds at Lincoln branches, said Joseph W. Cotchett, a Burlingame lawyer representing many of the investors.

In emotional testimony before the committee chaired by Assemblyman Patrick Johnston (D-Stockton), two elderly investors told how they thought the bonds were safe investments because their neighborhood thrift had offered them for sale.

Leah F. Kane told of investing \$15,000 of her \$25,000 nest egg in the bonds after the manager of Lincoln's branch near her home in Leisure World told her: "You have nothing to worry about; this is an excellent investment."

Keating long had a reputation for winning government approval of his various projects by hiring his former regulators. He also has donated heavily to politicians.

While most of the attention has focused on Democratic recipients of Keating's largesse, Thursday's hearing spotlighted Tom's law firm, in which a partner, Karl Samuelian, is a chief fund-raiser for Gov. George Deukmejian, who appointed Tom. Deukmejian received more than \$40,000 in campaign donations from Keating and his companies and associates.

Once 12 months had passed, Tom openly represented Keating before his former agency, appearing before Christine Bender, who replaced Tom as commissioner. Bender went to work for the Department of Corporations six years ago after working as an attorney at Parker, Milliken.

"The point is you complied with the letter of the law," Johnston told

Tom sat stoically as Kane, who since has helped organize scores of Leisure World retirees who invested in the bonds, charged that Charles H. Keating Jr., owner of American Continental, is "some kind of sociopath, a man who delights in taking money from seniors."

Under questioning by Johnston, Tom acknowledged that he was commissioner of the state Department of Corporations—a gubernatorial appointment—in 1986, when the department first approved the bond sale.

But he testified that he knew nothing about the offering, even though his old law firm represented Lincoln before the department.

In March, 1987, Tom returned to his law firm, Parker, Milliken, Clark, O'Hara & Samuelian, in Los Angeles, which had among its clients Lincoln and American Continental.

American Continental Chairman

Tom, noting that he had waited only the minimum period before returning to lobby his former agency.

"That is my understanding of my obligation," Tom replied.

Under questioning from Johnston, Bender said she was not intimidated that her former boss, and the law firm for which she had

Please see LINCOLN, Page 12



/ Associated Press

Former corporations commissioner Franklin Tom testifies before Assembly committee on ties to Lincoln S&L's parent company.

LINCOLN

Continued from Page 6

worked, represented Keating.

"Mr. Tom, along with several other former commissioners appear regularly before the department," Bender said.

Documents released or referred to in the hearing detailed the depth of concern about Lincoln's bonds by lower-level state regulators in 1987 and 1988. One 1988 memo by a savings and loan regulator referred to the bond sales as a "Ponzi scheme."

But eight days later, the Department of Corporations approved the sale of millions more bonds. Bender testified that her staff was unable to prove such "rumors."

And like Savings and Loan Commissioner William Crawford, Bender testified that her department was powerless under state law to act until it was too late.

"Until the bankruptcy, nothing concrete was given to us," Bender said.

Bender told Johnston that a law empowering her department to undertake full reviews of all public offerings would place a "tremendous burden on businesses" that seek to raise capital in California.

She noted that the federal Securities and Exchange Commission already investigates offerings such as American Continental's. When it approves the offerings, state approval is virtually automatic, she said.

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 9/26/89

1 FM SAC, LOS ANGELES (56C-LA-101615) (WCC-4/SARA) (P)

2 TO SAC, PHOENIX

9/28/89 9:20(PST)

3 BT

4 UNCLAS

5 SUBJECT: CHARLES KEATING, CHAIRMAN; AMERICAN CONTINENTAL
 6 CORPORATION, PHOENIX, ARIZONA; ET AL; ELECTION LAW VIOLATION; OO:
 7 LOS ANGELES.

8 RE LOS ANGELES AIRTEL TO PHOENIX, DATED 8/25/89. ALSO RE
 9 CONFERENCE HELD AT THE SANTA ANA RA WITH SUPERVISORS

10 [] PHOENIX DIVISION, [] SANTA ANA RESIDENT
 11 AGENCY, AND [] SANTA ANA RESIDENT AGENCY.

12 AS MENTIONED IN THE ABOVE CONFERENCE, INVESTIGATION IN THIS
 13 MATTER IS CONTINUING WITH SIMULTANEOUS INTERVIEWS TO BE CONDUCTED
 14 THE WEEK OF 10/2 IN PHOENIX, ARIZONA AND ORANGE COUNTY,
 15 CALIFORNIA. THE INDIVIDUALS BEING INTERVIEWED ARE INDIVIDUALS
 16 WHO ARE EITHER FORMER OR CURRENT OFFICERS OF AMERICAN CONTINENTAL
 17 CORPORATION AND LINCOLN SAVINGS AND LOAN WHO MADE POLITICAL
 18 CONTRIBUTIONS TO FEDERAL CANDIDATES DURING THE YEARS 1985 THROUGH
 19 1988. THE INDIVIDUALS WILL BE INTERVIEWED TO OBTAIN THE EXACT

20 1 - 29A-LA-102009 (Sub P)

21 []
(1)

56C-LA-101615-21

SEARCHED	[]	INDEXED	[]
SERIALIZED	[]	FILED	[]

OCT 6

FBI -

Approved: []

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(Number)

(Time)

Per []

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PAGE TWO (56C-LA-101615)

CIRCUMSTANCES SURROUNDING THE SOLICITATION OF THE CONTRIBUTIONS AND TO DETERMINE IF ANY OF THE INDIVIDUALS WERE REIMBURSED FOR THEIR POLITICAL CONTRIBUTION.

AS MENTIONED IN PREVIOUS COMMUNICATIONS, THIS MATTER IS BEING INVESTIGATED IN COORDINATION WITH THE SANTA ANA RA, THE PHOENIX DIVISION, AND THE UNITED STATES ATTORNEYS OFFICES FROM LOS ANGELES AND PHOENIX. IT IS ANTICIPATED APPROXIMATELY 45 INTERVIEWS WILL TAKE PLACE REQUIRING APPROXIMATELY 30 AGENTS. IT IS NECESSARY FOR EIGHT AGENTS TO TRAVEL FROM THE SANTA ANA RA TO THE PHOENIX DIVISION ON MONDAY, 10/2/89, TO ASSIST IN THE ABOVE MENTIONED INTERVIEWS.

IN VIEW OF THE ABOVE, ON 10/2/89 THE FOLLOWING SANTA ANA RA AGENTS WILL TRAVEL TO PHOENIX DIVISION TO ASSIST WITH THE ABOVE INTERVIEWS: SSA [REDACTED] SA [REDACTED] SA [REDACTED]

[REDACTED] SA [REDACTED] SA [REDACTED] SA [REDACTED]
[REDACTED] SA [REDACTED] AND SA [REDACTED] IT IS ANTICIPATED

THESE AGENTS WILL BE REQUIRED TO STAY IN PHOENIX UNTIL APPROXIMATELY THE 5TH OR 6TH OF OCTOBER.

SAC'S LOS ANGELES AND PHOENIX CONCUR WITH THE ABOVE MENTIONED TRAVEL.

BT

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[redacted] Bureau
[redacted] Phoenix
[redacted] Los Angeles (56C-LA-101615)(P)
(WCC-4/SARA)

[redacted]
(10) [redacted]

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b7C

56C-LA-101615-22
SEARCHED
INDEXED
SERIALIZED
FILED





U.S. Department of Justice

Federal Bureau of Investigation

Los Angeles, California

In Reply, Please Refer to
File No.

September 26, 1989

CHARLES KEATING; CHAIRMAN;
AMERICAN CONTINENTAL CORPORATION,
PHOENIX, ARIZONA;
UNSUBS;
PRINCIPALS AND OFFICERS OF AMERICAN
CONTINENTAL CORPORATION;
UNSUBS;
PRINCIPALS AND OFFICERS OF LINCOLN SAVINGS AND LOAN,
IRVINE, CALIFORNIA;
ELECTION LAW VIOLATION

For information as mentioned in previous communications in June of 1989, an investigation was initiated regarding subject CHARLES KEATING as a spin-off from the LINCOLN SAVINGS AND LOAN Bank Fraud and Embezzlement case. Allegations are that CHARLES KEATING is a heavy political contributor throughout the country and has required various employees from his subsidiaries to make political contributions. The allegations further state KEATING has reimbursed those employees either through direct reimbursement or through salary bonuses and other compensation.

Investigation to date has identified approximately 100 people that are either direct employees of a KEATING subsidiary or the spouse of an employee who had made contributions to federal candidates during the years 1985 through 1988. In addition, investigation has determined KEATING, LINCOLN SAVINGS AND LOAN, AMERICAN CONTINENTAL CORPORATION, and various employees of those entities have also made contributions to various state politicians in the state of California. The corporations have also made very large contributions to various tax exempt

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

CHARLES KEATING

organizations who have documented their purpose as get out the vote registration. It appears three of those organizations have a direct tie to the office of California State Senator ALAN CRANSTON. It appears [redacted] was an officer in the tax exempt organizations which received large sums of money from AMERICAN CONTINENTAL CORPORATION.

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Investigation in this matter is continuing with approximately 45 simultaneous interviews to take place the week of October 2, 1989. The vast majority of the interviews are to take place in the Phoenix, Arizona area. The individuals to be interviewed are employees and officers of AMERICAN CONTINENTAL CORPORATION and LINCOLN SAVINGS AND LOAN who have made political contributions during the period of 1985 through 1988 to federal candidates. The purpose of the interviews is to determine the circumstances surrounding the solicitation of those contributions and to determine if any of those individuals were reimbursed in any form by CHARLES KEATING or his organizations.

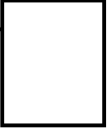
In addition to the above mentioned interviews, the interviewing agents will have in their possession a Federal Grand Jury Subpoena for [redacted] the Federal Grand Jury and an additional subpoena for [redacted]

[redacted] The above interviews have been carefully planned and coordinated between the Los Angeles Division, the Phoenix Division, the United States Attorney's Office in Los Angeles, and the United States Attorney's Office in Phoenix, Arizona.

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In view of the above, and the fact that additional Federal Grand Jury subpoenas will be issued, Assistant United States Attorneys [redacted] Los Angeles United States Attorney's Office, is requesting this matter be upgraded to a full investigation. This matter will continue as mentioned above upon approval of [redacted] from the Public Integrity Section of the Department of Justice and the Public Corruption Unit at FBIHQ approving the matter to be upgraded to a full investigation.

 Bureau
Phoenix
Los Angeles (56C-LA-101615)(P)
(WCC-4/SARA)


(10) 

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b7c

56C-LA-101615-22

SEARCHED

INDEXED

SERIAL

FILED 

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 9/27/89

To : Director, FBI (Attention: Criminal Investigative Division)
 From : SAC, Los Angeles (56C-LA-101615) (WCC-4/SARA) (P)
 Subject : Public Corruption Data Transmittal Form

1. Title: (use additional page if necessary)

See page two.

Re: Los Angeles teletype to the Director, dated 7/3/89.

2. ☒ Enclosed are the original and three copies of a LHM for dissemination purposes.
(check if appropriate)

3. Office of Origin File No. 56C-LA-101615 (include alpha)

4. ☒ Initial submission ☐ Supplemental submission (check one)

5. Date opened upon SAC authority 7/2/89

6. Level of subject official (See codes on reverse. Use additional pages, as necessary, for additional subjects.) None at this time.

Level _____ Number of Subject(s) _____
 Level _____ Number of Subject(s) _____
 Level _____ Number of Subject(s) _____

7. Indicate which of the following investigative techniques have been utilized to date.
(check all appropriate boxes)

Code Number / Description

Z1 ☐ Acct. Tech. Assist.
 Z2 ☐ Aircraft Assist.
 Z3 ☒ Computer Assist.
 Z4 ☐ Consensual Monitoring
 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) ☐ Symbolized 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
 Z24 ☐ Group II UCO
 Z25 ☐ Undercover - Other
 Z26 ☐ NCAVG/VI - CAP
 Z27 ☐ VIA

2 - Field Office

3 - FBIHQ

(1 - White-Collar Crimes Section, Public Corruption Unit)

56C-LA-101615-23
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Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

2 - Bureau (Enc. 4)

3 - Phoenix (Enc. 3)

(2 - 56C-LA-101615)

(1 - 29D-LA-102009)

(3) - Los Angeles

(2) - 56C-LA-101615

(1 - 29D-LA-102009) (SUB) (P)

FBI/DOJ

8. Type of Corruption Investigation (check all appropriate boxes) N/A

Code Number/Description

- (A) Judicial Corruption
A1 ☐ Federal
A2 ☐ State
A3 ☐ Local
A4 ☐ Territorial

Code Number/Description

- (B) Legislative Corruption
B1 ☐ Federal
B2 ☐ State
B3 ☐ Local
B4 ☐ Territorial

(C) Contract Corruption

- C1 ☐ Federal
C2 ☐ State
C3 ☐ Local
C4 ☐ Territorial

(D) Regulatory Corruption

- D1 ☐ Federal
D2 ☐ State
D3 ☐ Local
D4 ☐ Territorial

(E) Law Enforcement Corruption

- E1 ☐ Federal
E2 ☐ State
E3 ☐ Local
E4 ☐ Territorial

9. Does corruption involve drug related activity? (check one) ☐ Yes ☒ No

10. Statistical Accomplishments (number since last submission)

- | | | | |
|-------------------------|-------|-----------------------|-------|
| A. Complaints | _____ | F. Acquittal | _____ |
| B. Informants | _____ | G. Recoveries | _____ |
| C. Indictments | _____ | H. Restitutions | _____ |
| D. Convictions | _____ | I. Potential Economic | _____ |
| E. Pre-trial Diversions | _____ | Loss Prevented | _____ |

11. Forfeiture Provisions Utilized (check one) ☐ Yes ☒ No

12. Status of Case (check one)

- ☐ Pending Preliminary Inquiry
☒ Pending Full Investigation
☐ Closed

13. Basis for Closing (check one)

- ☐ U.S. Attorney Declination
☐ Dismissal
☐ Acquittal
☐ Conviction
☐ Administrative by SAC (no other basis involved)

Additional Administrative Data (if needed):

This matter is currently in a preliminary investigation status.

The purpose of the enclosed letterhead memorandum is to advise as to investigation to date and to request this matter be upgraded to a full investigation. The Bureau is also requested to immediately forward a copy of the letterhead memorandum to Departmental Attorney [redacted] Public Integrity Section, Department of Justice.

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56C-LA-101615

1. Title: CHARLES KEATING, CHAIRMAN;
AMERICAN CONTINENTAL CORPORATION,
PHOENIX, ARIZONA;
UNSUBS;
PRINCIPALS AND OFFICERS OF AMERICAN
CONTINENTAL CORPORATION;
UNSUBS;
PRINCIPALS AND OFFICERS OF LINCOLN SAVINGS AND LOAN,
IRVINE, CALIFORNIA;
ELECTION LAW VIOLATION;
OO: LOS ANGELES

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/21/89

Stephen Bartlett, United States Representative, Third Congressional District of Texas, 1113 Longworth House Office Building (LHOB), Washington, D.C. 20515, telephone number [redacted] upon being advised of the identities of the interviewing Special Agents provided the following information:

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On 5/15/89, he appeared as a guest on the "Phil Donahue Show" which was filmed in Denver, Colorado. The topic for this show was the Savings and Loan (S & L) Bailout. At the conclusion of the filming of this show, [redacted]

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[redacted] Congressman Bartlett advised the woman to bring this information to the attention of the United States Attorney. The woman responded that such a contact would not do any good, and the conversation terminated. Congressman Bartlett stated [redacted]

[redacted] He described the woman as follows:

Race
Sex
Height
Weight
Hair
Eyes
Age
Miscellaneous

--

Investigation on 9/11/89 at Washington, D.C. File # 56C-LA-101615-29
by SSAs [redacted] Date dictated 9/15/89

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Stephen Bartlett

9/11/89

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Continuation of FD-302 of _____, On _____, Page _____

While returning from the filming of this show, Congressman Bartlett drafted a letter on the flight, to the United States Attorney for the Northern District of Texas, to report this information. He could provide no additional information.

At the conclusion of this interview, Congressman Bartlett reviewed the entire video tape of the 5/15/89, "Phil Donahue Show" and failed to identify the woman who approached him after the filming of this show.

It is noted that [REDACTED] to Congressman Bartlett, was present during this interview.

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56C-LA-101665-24

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SERIALIZED	FILED
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	REGISTERED

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56C-LA-101615-24

SEARCHED		INDEXED	
SERIALIZED		FILED	
OCT 04 1989			
FBI - LOS ANGELES			

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56C-LA-101615-24

SEARCHED		INDEXED	
SERIALIZED		FILED	
OCT 04			
FBI — LOS ANGELES			

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Mount Clipping in Space Below

American Continental Chairman, Others Are Sued by New Federal Thrift Agency

By PAULETTE THOMAS
And ROY J. HARRIS JR.

Staff Reporters of THE WALL STREET JOURNAL

Launching a battle in a bitter war, federal regulators filed a civil lawsuit seeking more than \$1.1 billion from American Continental Corp. Chairman Charles H. Keating Jr., various members of his family and officers and directors of the parent of California's Lincoln Savings & Loan Association.

The suit, filed Friday in U.S. District Court in American Continental's Phoenix, Ariz., headquarters city, alleges Mr. Keating and his family profited through insider dealing, illegal loans, sham real-estate and tax transactions, and the fraudulent sale of Lincoln stock to employees of the parent company. The suit also named a number of subsidiaries of American Continental, which itself was taken under Chapter 11 federal bankruptcy-law protection the day before Lincoln was seized by regulators last April.

Moreover, Mr. Keating and six of the other defendants Friday were charged with racketeering. Of the damages sought, \$250 million stem from charges brought under the Racketeer Influenced and Corrupt Organizations law and could be trebled by the court.

Although the suit alleges that Lincoln sustained total damages in excess of \$1.1 billion, total damages could exceed \$2.5 billion, according to an attorney familiar with the complaint.

In addition to naming Mr. Keating, the 160-page suit alleges wrongdoing by his wife, several of their children and their children's spouses, many of whom work for American Continental or its Lincoln unit, based in Irvine, Calif.



Charles Keating Jr.

The action also names William Keating, Charles Keating's brother and a former judge and U.S. congressman from Ohio who more recently was publisher of the Cincinnati Enquirer. William Keating, who was an American Continental director for roughly one year, said he received a copy of the suit only yesterday and declined to comment until after reviewing it.

Charles Keating, the 66-year-old real-estate developer and heavy political contributor to candidates of both political parties, has vociferously complained that the government has waged a personal vendetta against him for repudiating its thrift-industry policies. He was said to be traveling and unavailable to comment over the weekend. But A. Melvin McDonald, a former U.S. attorney in Phoenix who represents American Continental and its principals, said the allegations in the suit are "trying to take things that are completely harmless and trying to make something sinister out of them." He said American Continental was "absolutely confident" that a jury would find in its favor.

Mr. McDonald said he was struck by "the mean-spirited nature of the lawsuit, which isn't surprising. It identifies personal members of Mr. Keating's family—wives, husbands—virtually seeking not only to destroy Keating but to destroy members of his family as well." He also charged regulators with leaking to reporters substantial portions of the suit as it was being prepared, saying that "we've now been defending this lawsuit for six weeks" in the press. Charging racketeering, he said, is an attempt "to get sex appeal in their case. These [defendants] aren't racketeers, these are people that are builders, that have been patriots of this country."

Charles Keating has said that American Continental's acquisition of Lincoln more than six years ago was designed to allow it to benefit from liberal California thrift rules that permitted high levels of direct investment in real estate, junk bonds and other activities potentially more lucrative for an S&L than the traditional thrift-industry home-mortgage vehicle.

Indicate page, name of
newspaper, city and state
THE WALL STREET JOURNAL

(C) ANGLES, PAGE A6
Date: 9/18/84, CALIFORNIA
Edition

Title AMERICAN CONTINENTAL
CHAIRMAN, OTHERS ARE SUED BY
NEW FEDERAL THRIFT AGENCY

Character:

or

56C-0101-615

Classification:

Submitting Office: SANTA ANA RA

LA DIVISION

Indexing:

56C-VA-10161524X1

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 8 1990	
FBI — LOS ANGELES	

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But the suit by Resolution Trust Corp.—the first it has filed since being signed into law by President Bush in August to oversee sales or mergers of the nation's insolvent thrifts—charges that Mr. Keating and American Continental acquired Lincoln as a way of using its government-insured deposits as a personal cache for real-estate deals. It says they engaged in circular transactions that benefited the Keating family and parent-company officials at the expense of Lincoln and the savings-and-loan deposit insurance fund.

For example, the suit contends that family members sold personal American Continental stockholdings to American Continental's employee stock ownership plan. Lincoln put up \$15 million of its property as collateral for a loan that the ESOP needed to buy the Keating stock. The transaction resulted in a loss to Lincoln of \$11 million, the suit says.

The suit also alleges that American Continental fraudulently siphoned funds from Lincoln, supposedly to pay the S&L's share of tax liabilities on certain loans. Regulators say that the loans actually were sham transactions, and that American Continental used the funds for other purposes besides paying taxes. The suit alleges that Lincoln sustained losses in excess of \$125 million.

Lincoln also had losses of \$76 million, the suit claims, in a series of loans involving Rancho Vistoso, a real-estate project near Tucson, Ariz. The suit says that the loans were granted without appraisals of the real estate, and that American Continental then drained profits from Lincoln through a complex series of transactions. For example, Lincoln sold an equity interest in the project to American Continental, a purchase the parent financed with proceeds of "illusory transactions with Lincoln subsidiaries," according to the suit.

Some specific allegations could provide a window on possible criminal charges that could be the next step in the legal entanglements between Mr. Keating and the federal government. An industry attorney familiar with the case said a grand jury in Los Angeles has been investigating the company for possible criminal charges, al-

though prosecutors there decline to comment.

One case cited in the litigation Friday involved a sale of stock in Memorex International in which Drexel Burnham Lambert Inc. played a part. American Continental was a major customer of former Drexel junk-bond king Michael Milken.

The suit said Lincoln tried to sell the Memorex stock to its parent for \$2.8 million, based on a fairness opinion it had obtained from Drexel, but S&L regulators rejected the sale. So, according to the suit, a Lincoln subsidiary sold the Memorex stock to a third party for \$1 million, and then American Continental bought the stock for \$2 million from the third party, and later, resold it for \$13.3 million.

For his part, Charles Keating has filed suit in federal court in Washington, D.C., seeking Resolution Trust's removal as conservator of Lincoln. The RTC subsequently put Lincoln in receivership. His suit terms the April seizure of Lincoln's property unconstitutional. The company also has filed a \$150 million suit against the regulators, accusing them of "a pattern of harassment and misrepresentation."

The RTC explained its legal action Friday by noting that "under the assignment given to us by the president and Congress to deal with the thrift industry crisis, we have a clear responsibility to take legal action where appropriate to reduce any losses to American taxpayers growing out of fraudulent financial activity."

Many industry consultants believe that the thrift could cost taxpayers as much as \$2 billion by the time it is sold, merged or liquidated.

Mr. Keating, however, lately has been saying that there isn't much that could be recovered from him personally. The executive, who has been most active recently running the Phoenician luxury resort in the Arizona capital, contends that he has been selling off assets and that almost all his family's wealth is in the moribund stock of American Continental.

TRANSMIT VIA: AIRTEL

CLASSIFICATION: _____

DATE: 9/27/89

FROM: Director, FBI (56-5959)

TO: SAC, Los Angeles (56C-LA-101615) (WCC-4/SARA (P))

CHARLES KEATING, CHAIRMAN,
AMERICAN CONTINENTAL CORPORATION,
PHOENIX, ARIZONA;
UNKNOWN SUBJECTS; PRINCIPLES
AND OFFICERS OF LINCOLN SAVINGS AND
LOAN (S & L); IRVINE, CALIFORNIA;
ELECTION LAW MATTER; OO: LOS ANGELES

Reference is made to Los Angeles facsimile to FBIHQ
dated 8/25/89.

Enclosed for Los Angeles is an original and three (3)
copies of an FD-302 dated 9/11/89, reporting the results of an
interview of Stephen Bartlett, U.S. Representative, 3rd
Congressional District of Texas, and the corresponding original
notes. Also enclosed is [REDACTED]

Enclosures (4)

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FEDERAL GRAND JURY MATERIAL ATTACHED

SEARCHED

INDEXED

SERIALIZED

FILED

FBI/DOJ

56C-LA-101695-26

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FBI - LOS ANGELES			

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/2/89

[redacted] telephone number [redacted] was advised as to the identities of the interviewing Agents and the purpose of the interview, at which time she advised as follows:

[redacted] advised her date of birth [redacted] and she was born in [redacted]. Her Social Security Account Number is [redacted]. [redacted] further stated as of October 1989, she is moving to [redacted].

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[redacted] advised she is currently [redacted] at [redacted] located at [redacted] telephone number [redacted]. She advised [redacted] is involved in land development and asset management throughout the United States. [redacted] has been employed as [redacted] for that company for approximately [redacted].

[redacted] advised prior her employment with [redacted] she was with LINCOLN SAVINGS AND LOAN (LSL) in [redacted]. Her position at LSL was [redacted]. She was in this position from [redacted].

Prior to working at LSL, [redacted] was with AMERICAN CONTINENTAL CORPORATION (ACC) from [redacted] through [redacted]. ACC is located at 2735 East Camelback Road, Phoenix, Arizona 85016. From [redacted] was [redacted] in the Real Estate Division. From [redacted] she was [redacted]. During the period of [redacted] she was [redacted].

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[redacted] advised as [redacted] her responsibilities included [redacted]. In addition, she [redacted]. She also was [redacted].

Investigation on 9/19/89 at Irvine, California File # 56C-LA-101615 27

by SA [redacted] Date dictated 9/26/89

56C-LA-101615

Continuation of FD-302 of [REDACTED]

, On 9/19/89

, Page 2

[REDACTED] advised during the time she was employed by ACC and ISL, she was not directly asked to make any political contributions. [REDACTED] did attend one fund-raiser, she believes in September of 1987, which was for [REDACTED]. She recalls she was told by [REDACTED] that CHARLES KEATING, JR., had purchased two tables at the fund-raiser and was looking for people to attend the dinner. She recalls the fund-raiser was a Western Theme and was held at the ARIZONA BILTMORE. She recalls being given two tickets by [REDACTED]. The tickets were for her and [REDACTED] to attend the fund-raiser. [REDACTED] believes approximately six to eight people could have been seated at each table. She believes only one table was filled and the other one remained empty during the fund-raiser. [REDACTED] cannot recall the exact number of people that went to the fund-raiser; however, she is sure that both tables were not completely full. [REDACTED] recalls the individuals who attended the fund-raiser as representatives from the ACC were mainly [REDACTED]. She does not recall KEATING or any other officer attending the fund-raiser. [REDACTED] was not requested nor did she attend any additional political fund-raisers during the time she was with ACC or ISL.

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[REDACTED] is well aware of other individuals within ACC and ISL who were requested to make political contributions to various candidates. As [REDACTED] CHARLES KEATING, JR., she and [REDACTED] were periodically given a list of individuals to contact by telephone to solicit contributions. The list was given to [REDACTED] by CHARLES KEATING, JR., and he would specify on the list who to call and the suggested amount of contribution.

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[REDACTED] advised the [REDACTED] who were involved in soliciting campaign contributions on behalf of KEATING, were [REDACTED]

In addition, [REDACTED] was the only [REDACTED] out of the four mentioned above, that was not asked to make a political contribution. The [REDACTED] were asked directly by CHARLES KEATING and did, in fact, make political contributions. She recalls that in each instance they were requested to make contributions, they were not necessarily pleased about making the contribution, however felt obligated to "go along with the band wagon."

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Continuation of FD-302 of [REDACTED], On 9/19/89, Page 3

[REDACTED] specifically recalls KEATING would provide the list to [REDACTED] and on many occasions the list would include the spouses of certain key executives. In addition, some key executives for ACC and ISL were requested to attend fund-raisers. [REDACTED] advised she does not recall speaking directly to the executive, however would speak to the secretary of the executive and relay the message that KEATING was requesting them to make a political contribution.

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[REDACTED] advised not only was KEATING active in raising funds for various Federal candidates, he was the founder of an organization called Citizens for Decency through Law. This organization seemed to sponsor funding raising events and publish literature concerning The Prevention of Child Abuse, Child Pornography, and Abortion. KEATING would, from time to time, send out all employee memos requesting their support in this organization and its functions. [REDACTED] recalls, in November 1988, KEATING sent invitations to all employees for a function called The Children's Ball. The function was to raise funds for The Prevention of Child Pornography and was being sponsored by the Citizens for Decency through Law organization. She recalls the ball included a dinner at \$1,000.00 per plate. [REDACTED] recalls she had no intention on going to the ball due to the expense, however shortly after she received the invitation, she received a telephone call from [REDACTED] advising that KEATING had, for select individuals, lowered the price to attend the ball to \$250.00 per plate. At that time [REDACTED] felt somewhat obligated to attend the ball and did pay \$500.00 for her and [REDACTED] to attend the ball at the PHOENECIAN RESORT.

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[REDACTED] further stated KEATING seemed to maintain contact with various high-ranking politicians. Specifically she recalls he would speak on the telephone once or twice a month to Senator ALAN CRANSTON. She was further aware that KEATING and his [REDACTED] would periodically travel to Washington, D.C. and meet with various senators and/or congressmen. She recalls KEATING would have a [REDACTED]

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[REDACTED] between KEATING and ALAN CRANSTON, DON REIGLE, DENNIS DE CONCINNI, THOMAS MC KANE, and JOHN GLENN. She further recalls [REDACTED]

[REDACTED] stated CRANSTON spoke with KEATING more than any of the other above senators. She recalls during some of the

56C-LA-101615

Continuation of FD-302 of [REDACTED]

, On 9/19/89

, Page 4

telephone conversations KEATING had with ALAN CRANSTON, that his [REDACTED] was often in KEATING's office taking dictation or notes during his phone call.

[REDACTED] advised even though she is well aware and, in fact, solicited various political contributions, she is not aware of any reimbursements for those contributions. Based on the attitudes of various employees, she felt most people who agreed to make contributions were "beholding" to CHARLES KEATING. She does not recall one instance where the person who was requested to make the contribution, absolutely refused to contribute. In fact, she does not recall any specific complaints by the contributors.

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[REDACTED] advised loyalty within ACC and LSL was very prevalent. CHARLES KEATING, JR., would on occasion do very outlandish generous favors for some of his employees.

In addition to the above, [REDACTED] advised that she and [REDACTED] have reviewed the video tape of the Phil Donahue Show which was taped on May 15, 1989. [REDACTED] stated she and [REDACTED] were unable to identify any individuals in the office who they recognized as ACC or LSL employees.

56C-LA-10115-27

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SERIALIZED		FILED	
OCT 1 1961			
FBI - LOS ANGELES			

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 9/26/89

1 FM SAC, LOS ANGELES (56C-LA-101615) (WCC-4/SARA) (P)
 2 TO SAC, PHOENIX
 3 BT
 4 UNCLAS
 5 SUBJECT: CHARLES KEATING, CHAIRMAN; AMERICAN CONTINENTAL
 6 CORPORATION, PHOENIX, ARIZONA; ET AL; ELECTION LAW VIOLATION; OO:
 7 LOS ANGELES.

8 RE LOS ANGELES AIRTEL TO PHOENIX, DATED 8/25/89. ALSO RE
 9 CONFERENCE HELD AT THE SANTA ANA RA WITH SUPERVISORS [REDACTED]
 10 [REDACTED] PHOENIX DIVISION; [REDACTED] SANTA ANA RESIDENT
 11 AGENCY, AND [REDACTED] SANTA ANA RESIDENT AGENCY.

12 AS MENTIONED IN THE ABOVE CONFERENCE, INVESTIGATION IN THIS
 13 MATTER IS CONTINUING WITH SIMULTANEOUS INTERVIEWS TO BE CONDUCTED
 14 THE WEEK OF 10/2 IN PHOENIX, ARIZONA AND ORANGE COUNTY,
 15 CALIFORNIA. THE INDIVIDUALS BEING INTERVIEWED ARE INDIVIDUALS
 16 WHO ARE EITHER FORMER OR CURRENT OFFICERS OF AMERICAN CONTINENTAL
 17 CORPORATION AND LINCOLN SAVINGS AND LOAN WHO MADE POLITICAL
 18 CONTRIBUTIONS TO FEDERAL CANDIDATES DURING THE YEARS 1985 THROUGH
 19 1988. THE INDIVIDUALS WILL BE INTERVIEWED TO OBTAIN THE EXACT

20 1 - 29A-LA-102009 (Sub P)
 21 [REDACTED]

(1)

56C-LA-101615-28

SEARCHED	[REDACTED]	INDEXED	[REDACTED]
SERIALIZED	[REDACTED]	FILED	[REDACTED]
OCT 2			
FBI - LOS ANGELES			

Approved: [REDACTED]

Transmitted _____

(Number) (Time)

Per _____

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56C1A-101115-29

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SERIALIZED		FILED	
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FBI — LOS ANGELES			

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/17/89[redacted]
[redacted] Date of Birth (DOB): [redacted]

[redacted] Place of Birth (POB): [redacted] was
advised of the identity of the interviewing agents and the nature
of the interview. She was interviewed at her residence and
provided the following information:

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[Large redacted area]

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GRAND JURY MATERIAL
DISSEMINATE ONLY PURSUANT
TO RULE 6 (e), Fed., R. Crim. P.

Investigation on 10/4/89 at Phoenix, Arizona File # 56C-LA-101615by SA [redacted] SA [redacted] Date dictated 10/10/89b6
b7C

56C-LA-101615

Continuation of FD-302 of [REDACTED]

, On 10/4/89, Page 3*

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[REDACTED]

[REDACTED]

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Upon completion of the interview, [REDACTED] was served two Federal Grand Jury subpoenas. The subpoenas commanded her to [REDACTED] the grand jury located at the United States Courthouse, 312 North Spring Street, Los Angeles, California, on [REDACTED]. At this time, [REDACTED] inquired that if she cooperated further with the investigation (and after she spoke with an "independent third party") would she still be required to appear before the grand jury in Los Angeles, California. [REDACTED] was advised that the interviewing agents did not have authority to waive the grand jury subpoenas and if she had further questions to contact the Assistant United States Attorney whose name appeared on the subpoenas.

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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Orange County Register
Page A4

Date: 10/5/89

Edition:

Title: CRANSTON CHANGES STORY
ON LINCOLN

Character:

or

Classification:

Submitting Office: LA

56C-LA-101615

-30

Indexing:

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 23 1989	
FBI - LOS ANGELES	

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Cranston changes story on Lincoln

Senator now says he might have quizzed key S&L regulator

By Larry Liebert
San Francisco Chronicle

WASHINGTON — Sen. Alan Cranston, D-Calif., has changed his story about his attempts to intervene on behalf of Lincoln Savings and Loan of Irvine, which was seized by federal regulators after its owners allegedly looted it of more than \$1.1 billion in assets.

Cranston acknowledged for the first time this week that he and three other senators "may well have" quizzed the top regulator of the savings and loan industry about a rule that limited Lincoln's riskier investments.

It is a significant change from his earlier responses on the issue.

He insisted previously that the senators' sole purpose was to seek a speedy conclusion to a long-running investigation of the savings

and loan, and angrily rejected a conflicting account by the regulator, Edwin Gray.

Lincoln was seized in April by federal regulators. Last month, the government filed a civil suit that accused former owner Charles Keating Jr. and associates of "illegal, fraudulent and imprudent" schemes that will force taxpayers to pay for a multibillion-dollar rescue of the troubled savings and loan.

The explosive political question is what role Cranston and other recipients of Keating's campaign contributions may have played in frustrating federal attempts to police the Lincoln operation.

The debate revolves around a meeting in April 1987, when top federal savings and loan regulator Gray was summoned to the Capitol by Cranston and three other senators who had received large contributions from Keating and his associates.

The senators have denied Gray's allegation that they improperly pressured him to drop a regulation

limiting Lincoln's investments in speculative land deals, junk bonds and other risky ventures.

But Cranston did not offer his usual flat denial when asked in an interview this week whether the senators had discussed the regulation with Gray.

"There may well have been some discussion of the reg. I believe so. I think it's logical that there would have been (discussion of the regulation), but I don't recall it," Cranston said in an interview with the San Diego-based Copley News Service.

Cranston said that discussing the new restriction on risky savings and loan investments with Gray was "logical" because "it had just happened and it was causing a commotion." Keating bitterly opposed the regulation.

Referring to a lawsuit Keating had filed to block the restriction, Cranston said, "I think it was not improper to explore whether or not it should be delayed until the lawsuit determined the situation."

56C-LA-101618-30

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562LA-101615-31

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 23 1	

FBI - LOS ANGELES	

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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Orange County Register
Sunday - page B9

Date: 10/8/89

Edition:

Title: Regulator says Arizona senator
intervened for Lincoln SavingsCharacter: 56C-LA-101615
or

Classification:

Submitting Office: LA

Regulator says Arizona senator intervened for Lincoln Savings

By Beth Barrett
Los Angeles Daily News

LOS ANGELES — A top California banking regulator says Sen. Dennis DeConcini, D-Ariz., intervened with Gov. George Deukmejian's administration in an effort to squelch concerns over Lincoln Savings and Loan's financial problems last spring, according to an FBI document.

The internal document, a copy of which was obtained by the Los Angeles Daily News, indicates that California Savings and Loan Commissioner William Crawford said his boss, Business, Transportation and Housing Agency Secretary John Geoghegan, told him that DeConcini had called in April and asked that information about Lincoln be suppressed pending sale of Irvine-based Lincoln.

Lincoln was seized by federal officials a few days later, and federal regulators estimate that it will cost taxpayers up to \$2.5 billion, the savings-and-loan rescue program's largest single bailout.

In an interview last week, Crawford confirmed the statements contained in the FBI document, but said he ignored the suggestion to be quiet and that Geoghegan did not pressure him to stop his criticisms. The department had blocked a previous Lincoln sales attempt by its owner, Charles H. Keating Jr., chairman of American Continental Corp.

"They just wanted me to be quiet and let them do their dirty deal," Crawford said. "(Geoghegan) was relaying the message. I said, 'No deal.' I said I wouldn't keep my mouth shut.



Sen. Dennis DeConcini
'I see no conflict of interest'

"They didn't want us saying this (Lincoln sale) is a goofy deal, but it was a goofy deal," Crawford said.

In interviews and a prepared statement, Geoghegan and DeConcini acknowledged the phone call, but said it was informational and that DeConcini did not seek special treatment for Lincoln.

The FBI document was written in May and was based on criminal referrals from federal regulators regarding Lincoln and its parent, American Continental of Phoenix. But it states that the information does not reflect conclusions or recommendations by the FBI.

Fred Reagan, an FBI spokesman in Los Angeles, said the agency would have no response, and would not discuss the document.

Deukmejian, who received at least \$75,000 in campaign contributions from Keating and his associates, refused to comment, said his spokesman Kevin Brett.

DeConcini, who received \$48,100 in Keating campaign contributions, responded to questions from the Daily News in a written statement Friday.

"I see no conflict of interest in contacting a regulator from another state on behalf of a company that has a \$50 million payroll in my state, over \$1 billion in loans and investment and 1,500 employees, in spite of the fact that some of the company's executives contributed to my campaign," he said.

DeConcini further said he did not ask state regulators to cease their critical comments of Lincoln, but called Geoghegan after he talked with Danny Wall, head of the Office of Thrift Supervision in Washington, DC.

"Danny Wall indicated that he thought (Geoghegan) would be opposed to the Lincoln sale," DeConcini said.

"I asked John (Geoghegan) what his position would be on the Lincoln sale. He indicated he would not have a position because they would have no authority."

DeConcini, Sen. Alan Cranston, D-Calif., and three other senators — John McCain, R-Ariz., John Glenn, D-Ohio, and Donald Riegle Jr., D-Mich. — previously have been accused by former Federal Home Loan Bank Board Chairman Edwin Gray of intervening with federal regulators on behalf of Lincoln after accepting contributions totaling more than \$1 million from Keating and his associates.

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FBI — LOS ANGELES			

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TO: DIRECTOR, FBI

FROM: SAC, LOS ANGELES
SUBJECT:

CHARLES KEATING, Chairman;
ET AL;
ELECTION LAW VIOLATION:
OO: Los Angeles

Bureau File Number

56C LA-101615

Field Office File Number

0670

Squad or RA Number

Agent's Social Security No.

☐ X if a joint operation with.

(Identify of other agency)

☐ X if case involves corruption of a public official (Federal, State or Local).

Date 10/9/89

Investigative Assistance or Technique Used			
Were any of the investigative assistance or techniques listed below used in connection with accomplishment being claimed? ☒ No ☐ Yes - If Yes, rate each used as follows:			
1 = Used, but did not help 3 = Helped, substantially			
2 = Helped, but only minimally 4 = Absolutely essential			
1. Acctg Tech Assistance	Rating	8. Eng. Sect. Tape Exams	Rating
2. Aircraft Assistance		9. Hypnosis Assistance	
3. Computer Assistance		10. Ident Div Assistance	
4. Consensual Monitoring		11. Informant Information	
5. ELSUR - FISC		12. Lab Div Exams	
6. ELSUR - Title III		13. Lab Div Field Support	
7. Eng. Sect. Field Support		14. Pen Registers	
15. Photographic Coverage	Rating	16. Polygraph Assistance	Rating
17. Search Warrants Executed		18. Show Money Usage	
19. Surveill. Sqd. (SOG) Asst		20. SWAT Team Action	
21. Tech. Agt. or Tech Equip		22. Telephone Toll Recs	Rating
23. UCO Group I		24. UCO Group II	
25. UC Other		26. NCAVC/VI-CAP	
27. Visual Invest - Analysis (VIA)			

A. Preliminary Judicial Process (Number of subjects)		Complaints	Informations	Indictments	D. Recoveries, Restitutions, or Potential Economic Loss Prevented (PELP) (Explain valuation in remarks)				
					Property Type Code*	Recoveries	Restitutions	PELP Type Code*	Potential Economic Loss Prevented
B. Arrests, Locates, Summonses or Subpoenas Served (No. of Subj.)									
Subject Priority*									
A B C									
FBI Arrests -		Subpoenas Served 1							
FBI Locates -		Criminal Summons							
Local Arrests -		Local Crim. Summons							
FBI Subj. Related : Armed									
C. Release of Hostages or Children Located: (Number of Hostages or Children Located)		E. Civil Matters							
Hostages Held By Terrorists : All Other Hostage Situations		RICO - Civil Convictions							
Missing or Kidnaped Children Located		Civil Suits Amount of Suit							
		Government Defendant							
		Government Plaintiff							
		Enter AFA Payment Here							
F. Final Judicial Process: Judicial District		No. of Subjects							
District State		Conviction or Pretrial Div. Date Sentence Date							
Subject 1 Subject Description Code*		Subject 3 Subject Description Code*							
Conviction Combined Sentence		Conviction Combined Sentence							
Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos		Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos							
Total Fines \$		Total Fines \$							
Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.		Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.							
Subject 2 Subject Description Code*		Subject 4 Subject Description Code*							
Conviction Combined Sentence		Conviction Combined Sentence							
Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos		Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos							
Total Fines \$		Total Fines \$							
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Attach additional forms if reporting final judicial process on more than four subjects, and submit a final disposition for (R-84) for each subject.

Remarks: (For every subject reported in Sections A, B, E or F above, provide name, DOB, race*, sex, POB and SSAN if available.)

On October 4, 1989, [redacted] was served a Federal Grand Jury Subpoena to appear before the Grand Jury located in Los Angeles, California.

[redacted] is described as [redacted] social security account number [redacted]

2 - Bureau

(3) - Angeles (WCC-4/SARA)
56C LA-101615) N
ADMIN. STAT. FILE)

(1 - Personnel File of SA [redacted])

2 - Bureau
2 - Field Office

* See codes on reverse side

GRAND JURY MATERIAL
DISSEMINATE ONLY
TO RULE 6 (e), Fed. R. Crim. P.

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Group calls for probe of Cranston

Ties to Lincoln S&L brought into question

By Jeff Weir
The Register

WASHINGTON — The Common Cause lobbying organization all but accused Sen. Alan Cranston, D-Calif., and four other senators Friday of strong-arming savings-and-loan regulators in 1987 on behalf of beleaguered Lincoln Savings and Loan of Irvine.

Common Cause President Fred Wertheimer called on the Justice Department and the Senate Ethics Committee to investigate whether the senators violated ethics laws when they prodded regulators to stop "harassing" Lincoln officials.

Regulators at the time were investigating the speculative investment practices that would lead to Lincoln's collapse earlier this year.

Lincoln's demise could cost taxpayers more than \$2 billion to repay depositors who lost money.

Meanwhile, the bankruptcy of its parent company, American Continental, could cost about 20,000 Southern Californians who bought insured corporate notes through

Lincoln's branches more than \$200 million.

The request for an ethics investigation comes days before the beginning of House Banking Committee hearings into why regulators failed to shut Lincoln in 1987. American Continental Chairman Charles Keating is one of two dozen witnesses who have been subpoenaed to testify before the committee, whose hearings begin Tuesday.

"We are not reaching conclusions today about violations," Wertheimer said at a news conference. "We are saying that this matter is very serious and feel it's time for an investigation."

Wertheimer also asked the Justice Department to determine whether Keating violated federal election laws in attempts to influence the senators.

"The joint intervention ... into a

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case involving alleged violations by a specific company ... appears to be an extraordinary action," Wertheimer said.

All five senators received thousands of dollars in campaign contributions from Keating and his affiliates before their two meetings with savings-and-loan regulators in April 1987.

Cranston, who has readily acknowledged and defended his actions on behalf of Lincoln, received \$47,000 in contributions from Keating, Keating's family and various companies.

Keating also channeled \$850,000 in corporate donations to three voter-registration groups that were founded or controlled by Cranston.

Keating, a Phoenix millionaire, has been sued by the federal government, which accuses him of looting Lincoln of its assets.

Cranston and the other four sen-

(Indicate page, name of newspaper, city and state.)

ORANGE COUNTY
REGISTER pg 1

Date: 10/14/89

Edition: Saturday

Title:

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Classification: 56C-LA-101615

Submitting Office: LA

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ators — Dennis DeConcini, D-Ariz., John McCain, R-Ariz., John Glenn, D-Ohio, and Donald Riegle Jr., D-Mich. — denied any wrongdoing Friday and promised to cooperate with any probe of their activities on behalf of Lincoln and Keating.

The collapse of Lincoln Savings has become a hot economic and political issue in Washington for two key reasons: the careers of the five senators have been damaged by the disclosure of their ties to Keating, and Lincoln's losses could trigger the nation's most expensive savings-and-loan bailout.

Cranston, in his strongest comments to date on the episode, said regulators should be forced to explain why they didn't shut Lincoln down in 1987, instead of waiting until this April.

Also, after evading the controversy for months, he provided a

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lengthy explanation of his attempt to sort out Lincoln's problems with the regulators.

"I went to the April 2, 1987, meeting with (federal bank board chairman) Ed Gray to get decisive action," Cranston said. "I told Chairman Gray, 'Do something to end the inordinate delay in the examination of Lincoln. If Lincoln was violating regulations, take appropriate action against it. If Charles Keating had broken any laws, bring charges. But if a case could not be made against Lincoln, then bring a halt to what appeared to be the harassment to which Lincoln was being subjected to by your regulators.'"

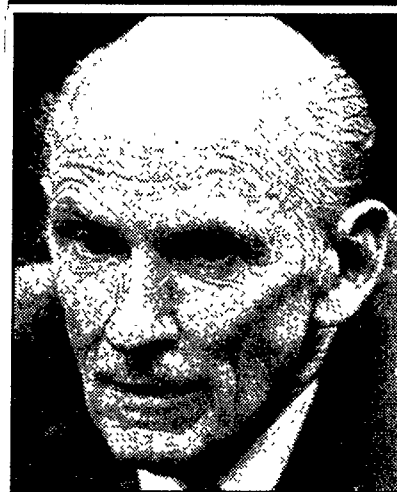
Cranston, who has been embarrassed by news reports of his involvement with Keating, also characterized Keating as just another constituent who needed help from his senator.

"I estimate that during the 20 years I have been in the Senate I have helped 300,000 individuals and businesses cut through the red tape and delays of the federal bureaucracy. After checking the facts as they were known at the time, I concluded that Lincoln had a legitimate complaint," Cranston said.

Now, Cranston added, Keating should be investigated for possible criminal wrongdoing because of the way he ran Lincoln into the ground.

Keating's management of Lincoln Savings and the now-bankrupt American Continental already is being investigated by numerous agencies, including the US Attorney's office. The government, which filed a civil suit against Keating and his associates last month, is trying to recover \$1.1 billion in damages.

An attorney for Keating, Leon-



Sen. Alan Cranston

He and colleagues deny wrongdoing and Bickwit, said Friday that Keating legally was entitled to solicit the senators' help in his lengthy battle against state and federal regulators.

Register staff writer Jonathan Lansner contributed to this report.

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OKLAHOMA COUNTY

REGISTER - Page N1

Date: 10/15/87, Sunday
Edition:

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Character:

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Classification: 56C-LA-101615

Submitting Office: LA

Indexing:

Charles Keating's long reach to Washington

Ties to former chief of Lincoln S&L proving disastrous for politicians

By Jonathan Lanšner
The Register

It was the spring of 1987, and Charles H Keating Jr. needed a hand.

Federal regulators were preparing to take Irvine-based Lincoln Savings and Loan away from Keating's company, American Continental Corp.

A major ally, a Lincoln borrower who sat on the Federal Home Loan Bank Board, was embroiled in an ethics fight over his ties to Keating and would soon resign.

Undaunted, Keating tried to use his substantial political influence

in Washington in other ways.

He got five US senators together to twice to interrogate regulators about their investigation.

And, the Register has uncovered, Keating was able to win broad congressional support for the man he was backing as the next chairman of the bank board — a Denver businessman with ties to a Lincoln borrower who now is a key player in the unfolding scandal at the US Department of Housing and Urban Development.

Thirty months later, those actions are still in the national political spotlight.

On Tuesday, the House Banking

Committee begins a series of hearings into the scandal surrounding the collapse of Lincoln Savings, which was taken over by the government six months ago.

Insuring Lincoln's depositors is expected to cost US taxpayers more than \$2 billion, which would make it the most expensive savings and loan bailout. Additionally, the bankruptcy of American Continental in April leaves 23,000 investors with more than \$200 million in uninsured corporate notes that appear to be worthless.

Lawmakers are likely to be looking inside the legislative branch as well as the regulatory process for answers.

At the heart of the investigation is how Keating was able to get the bank board to wait two years to seize Lincoln after its San Francis-

co office had detailed the savings and loan's problems.

Much of the attention will be placed on why members of Congress went to bat for Keating.

"I think in the future I'll give much more scrutiny in the future when a constituent comes running saying, 'I need justice,'" said Sen. John McCain, R-Ariz., whose political career has been stained by his relationships with Keating that include attending the two meetings.

"I think it very obvious that Mr. Keating was very politically aggressive."

Keating, who could not be reached regarding this report, has defended his political sway in the past. At a press conference in April, Keating made no bones about whether his political contributions had bought him influence:

"I want to say in the most forceful way I can: I certainly hope so."

"With politics, Keating was able to postpone his day of reckoning," said Rep. Jim Leach, R-Iowa, a member of the banking committee. "The facts speak for themselves. ... Congress may have its own Watergate unfolding."

In early 1987, Keating's American Continental Corp. was feeling regulatory heat from federal officials based in San Francisco, who were calling for the government to take control of Lincoln.

Keating and regulators disagreed vehemently on the propriety of the speculative ventures that Lincoln had invested billions in: junk bonds, takeover plays, land development and luxury hotels.

When Edwin Gray, then the bank
Please see LINCOLN/5

FROM 1
board's chairman, moved to cut back the ability of Lincoln and others to use federally insured deposits on such bets, Keating exploded.

He hired various consultants — at one time at least three former congressmen and a former California savings and loan commissioner — to fight the new rules. He sued the bank board.

And in November 1986, Atlanta attorney Lee Henkel was appointed by the Reagan administration to join Gray on the bank board.

Henkel quickly proposed rules that would have helped Lincoln out of its regulatory predicament by putting a "grandfather" clause in the new rules. It was soon learned that Henkel had ties to companies that had borrowed more than \$50 million from Lincoln.

That bothered the then-chairman of the Senate Banking Committee, William Proxmire, who asked the Justice Department to investigate. By the end of March Henkel had resigned.

At the same time, it was obvious that Gray would not return to the bank board after his term expired June 30. Two men emerged as the leading candidates to be the nation's top savings and loan regulator.

One was M. Danny Wall, an aide to Sen. Jake Garn, R-Utah, ranking minority member of the Senate Banking Committee. Wall got the job.

His chief opponent was Philip Winn, a Denver real-estate developer who recently ended a one-year tour as the US Ambassador to Switzerland.

Winn, according to press reports at the time, had the support of as many of 90 members of the House and Senate.

Keating, Gray said last week, was the man who put Winn's candidacy in motion.

"It was clear that Keating wanted Winn as chairman," said Gray, now a Florida savings and loan executive. "I was quite concerned."

The congressional endorsements for Winn came despite his links to MDC Holdings, a Denver real estate company. Winn, who once ran for governor of Colorado as a Republican, served as a director of MDC in 1985 and 1986 and as a director on a real estate investment trust managed by MDC until March 1988, when he took the Swiss ambassadorship.

MDC was one of Lincoln's major borrowers. The government has alleged in a suit against Keating and others that MDC helped American Continental book phony profits through complex swaps of properties.

MDC recently settled charges

with the Securities and Exchange Commission without admitting or denying that it improperly booked profits on several real-estate deals it made, including ones with American Continental.

"Nothing is coincidence with Mr. Winn," said Rep. Christopher Shays, R-Conn. He is a member of the House Government Operation Committee looking into the scandal in the Department of Housing and Urban Development.

Winn, who served as a ranking HUD official in 1981 and 1982, is at the heart of the agency's problem, Shays said.

At a recent hearing before the House committee, which at the time did not know of Winn's bank board encounter, Winn defended his action involving HUD as a private businessman as proper. The Register was unable to reach Winn for further comment.

The House committee charges that in one 11-month period in 1986 and 1987, Winn and his associates were able to get one-eighth of all approvals for a coveted HUD rehabilitation program.

"He has a lot of friends," said Shays.

Just as Winn's futile campaign for the bank board spot was rolling along, Keating pulled off his most notable political coup: persuading five US senators to lobby regulators twice on behalf of American Continental.

What the San Francisco regulators had uncovered about Lincoln was eventually to form the basis for the charges of mismanagement and fraud contained in a \$1.1 billion suit filed against Keating, his family and company officers by the government last month.

But Keating branded the regulators' two-year review of Lincoln's books as vindictive. In assembling the senators, Keating — a staunch Republican — showed how he used political ties that seemed rarely

tied to a politician's philosophy.

His campaign funds flowed swiftly to those who would aid Keating's cause: to let savings and loans invest their federally insured deposits in whatever business they chose.

One of those tied to the right-wing Keating is California's top liberal Democrat, Sen. Alan Cranston. The senator got \$47,000 in campaign contributions from Keating and his associates, who also donated \$850,000 to three voter registration organizations, including one headed by Cranston's son.

Also attending were senators McCain; Dennis DeConcini, D-Ariz.; Donald Riegle, D-Mich.; and John Glenn, D-Ohio. All five lawmakers, each who received substantial political campaign contributions from Keating, have denied any wrongdoing in connection with the meeting.

The first gathering — minus Riegle — was held April 2 at DeConcini's office in Washington late one afternoon with Gray. The second one, which Cranston attended only briefly, was a week later at the same spot with officials from the Federal Home Loan Bank of San Francisco, Keating's adversaries.

"I went to the April 2, 1987 meeting with Ed Gray to get decisive action; to get Ed Gray and the bank board to act — one way or another, sooner rather than later," Cranston said in a statement released Friday after the Common Cause lobbying group called for an ethics investigation of the five senators.

Gray revealed earlier this year that the senators at the first meeting had asked him to change industry rules to benefit Keating. Although the senators vehemently denied this, Cranston recently did an about face regarding his recollection of those meetings — admitting that senators may have acted improperly about the rule change.

(Mount Clipping in Space Below)

Lincoln's parent company, Georgia congressman linked

By Jonathan Lansner
The Register

Lincoln Savings and Loan's extensive political reach included the House of Representatives where an influential Georgia congressman had political ties to the institution's former parent company.

Rep. Doug Barnard, D-Ga., acknowledged Monday that American Continental Corp. Chairman Charles Keating, his family and his business associates donated \$20,000 to his campaign during 1985 and 1986. Barnard's campaign raised \$347,000 in those two years for his 1986 re-election to the House, according to Federal Election Commission records.

Keating's company lost control of Irvine-based Lincoln in April when it was seized by federal regulators. The government has filed a \$1.1 billion fraud and racketeering suit against Keating, family members and company officers for the mishandling of Lincoln.

Barnard insisted that there was nothing wrong in Keating contributing to his campaign to represent a rural district of Georgia.

"My skirts are clean. ... My conscience is fully clear," Barnard said of his relationship with Keating.

When the House Banking Committee — of which Barnard is a member — begins a series of four hearings today on Lincoln's demise, Keating's political ties are likely to be examined. Already, five US senators have been criticized for meeting twice with regulators in April 1987 about Lincoln.

Keating, through his attorneys, repeatedly has defended his business and political activities.

Barnard, a former banker who

during his eight terms in Congress has developed a reputation as a supporter of business interests, has been chairman of the House Commerce, Consumer and Monetary Affairs subcommittee since 1982.

That subcommittee in 1985 held hearings on new twists in the savings and loan industry such as direct investment in businesses and collecting deposits through wholesale operations. This contrasted to the industry's traditional role: making home loans and gathering deposits from small savers.

Keating testified in front of Barnard's committee in support of both tactics.

Barnard, who sided with Keating on those issues, also has been a strong supporter of tougher regulatory powers, especially when it comes to fraud and mismanagement. Barnard's committee issued a report in October 1988 that gave Congress a view of widespread insider abuse at the nation's savings and loans.

"As a former businessman, I am very sensitive to the appearance of a conflict of interest — I see nothing here," Barnard said.

Edwin Gray, who was the bank board's chairman through June 1987, said he was aware of Barnard's support for Keating causes.

In an interview last week, Gray said that in the fall of 1986 Barnard asked about the lengthy investigation that federal regulators in San Francisco were conducting into Lincoln's finances.

Barnard said he recalled the meeting, but claimed he did not come to bat for Keating.

"I never asked Ed Gray anything for Keating," Barnard said.

(Indicate page, name of newspaper, city and state.)

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Date: 10/17/89

Edition: Tuesday

Title: CHARLES H. KEATING

Character:

or

Classification: 56C-LA-101615

Submitting Office: LA

Indexing:

56C-LA-101615-355

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(Indicate page, name of newspaper, city and state.)

ORANGE COUNTY REGISTER
Page C1

Date: 10/18/89

Edition: Wednesday

Title: CHARLES H. KEATING

Character:

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Classification: 56C-LA-101615

Submitting Office: LA

Indexing:

(Mount Clipping in Space Below)

Senators told to defend ties to Lincoln

S&L's failure threatens several careers; House hearings begin

By Jeff Weir
The Register

WASHINGTON — The financial mayhem caused by the collapse of Irvine-based Lincoln Savings and Loan ignited a political soap opera on Capitol Hill Tuesday that threatens the careers of several prominent lawmakers, including Sen. Alan Cranston of California.

While the House Banking Committee launched its inquiry into the regulatory mistakes that enabled Lincoln to avoid closure two

years ago — long before it ran up \$2 billion in losses for federal taxpayers — the Senate Ethics Committee asked Cranston and four colleagues to defend the actions they took in 1987 on behalf of Lincoln's owner, Charles H. Keating Jr., to keep the institution afloat.

The five senators met with regulators in April 1987 to discuss Keating's complaint about an examination of Lincoln's finances that had dragged on for months. All five, in addition, had received substantial campaign contribu-

tions and, in the case of Arizona Sen. John McCain, gifts from Keating, the Phoenix millionaire whose American Continental Corp. owned Lincoln Savings.

Cranston's campaign has received \$35,000 from Keating and his affiliates. A Cranston-organized voter registration campaign in 1988, moreover, collected an \$850,000 corporate donation from Keating.

Cranston's press spokesman, Murray Flander, said Tuesday that Cranston would cooperate with congressional investigators to iron out whatever "wrong impression" people may have gotten about Cranston's relationships with Keating.

"Alan Cranston has made mis-

takes in this thing, but he made no agreements with Keating," Flander said. "He shouldn't have gone to that meeting, and he should not have taken so much money from one man, even though it was on behalf of a good cause. He let his zeal for the cause get in the way of his good judgment."

Arizona Senator Dennis DeConcini, in a four-page account prepared for the Senate Ethics Committee, said he had acted on behalf of thousands of Arizona residents employed by Keating's companies, "not for a single constituent."

As Cranston and his colleagues — each of whom deny any ethical impropriety — scrambled for cover Tuesday, members of the

House Banking Committee tried to find out whether regulators, or politicians, were primarily responsible for letting Lincoln become the costliest savings and loan bailout in history.

The nation's top banking regulator, L. William Seidman, chairman of the Federal Deposit Insurance Corp., testified emphatically that if he'd been in charge, Lincoln would have been forced to stop its "hazardous operations" two years ago. He also said, in what appears to be a veiled reference to the political intervention on behalf of Lincoln, that regulators must be "free of political pressures" to do their jobs.

"The importance of the regulators' independence cannot be

overstated," he said. "Staff must be authorized to carry out its mandate of supervision of financial institutions without fear of outside influence. If Lincoln teaches us anything, it tells us that this group of government employees must be free to take action necessary to maintain safety and soundness. They are the essential thin blue line protecting the financial system and the taxpayer from billion dollar insurance losses."

Even though regulators in San Francisco wanted to crack down on Lincoln's investment practices in May 1987, the savings and loan was not seized by the government until April 14 of this year. The day before, Keating placed his Ameri-

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FROM 1

can Continental Corp., which controlled Lincoln and at least \$95 million of its deposits, into Chapter 11 bankruptcy.

"We're looking at the biggest bank heist in history," said Rep. Jim Leach, R-Iowa, at the committee's first of four hearings on Lincoln.

The decision to delay enforcement action against Lincoln was made by M. Danny Wall, the top regulator of US thrifts, who took office in July 1987 — three months after the five senators met with various regulators to discuss Keating's complaints.

Seidman, a diplomatic bureaucrat, sidestepped numerous opportunities during the committee hearing to criticize Wall's action. When asked, point blank, why Wall waited so long to move against Lincoln, he said, "I have no idea."

The government, which claims

that Keating looted Lincoln of its assets by churning loans and investing money in risky junk bonds and raw land, sued Keating and his family last month for \$1.1 billion. Seidman conceded Tuesday, however, that taxpayers are not likely to recover more than a fraction of their losses from the civil fraud and racketeering lawsuit.

The suit contends that Keating broke banking regulations, forged documents, made "sham real estate transactions," and paid excessive salaries — in the millions of dollars — to himself and members of his family, among other charges.

Seidman also disclosed that his agency may pursue legal action against people who were on the receiving end of Lincoln's loans, as well as the accountants, lawyers, appraisers and investment brokers who were involved in the transac-

tions. The FDIC, he added, is strenuously investigating whether Lincoln's assets were used improperly for political donations.

"We will be looking at every piece of evidence we can find to determine whether or not laws were violated with respect to political contributions," Seidman said.

Rep. Henry Gonzalez, a Texas Democrat and chairman of the House Banking Committee, said the Lincoln saga represents one of the sorriest, and most avoidable, fiscal disasters in the country.

"The sad fact about this failure is that the warning signs were there and the stop signs posted in time to prevent much of the loss," he said. "But the Federal Home Loan Bank Board, instead, waved the institution through the stop signals and let it continue racing down the fast lane until it crashed, taking the public's money with it."

"Lincoln was like a rogue elephant run amok," added Rep. Chalmers P. Wylie of Ohio, the senior Republican on the committee.

Seidman also said the FDIC has no plans to pay off 23,000 Lincoln customers, many of them retirees, who purchased \$255 million in bonds from American Continental through Lincoln's California branches.

Keating, who claims that he has been persecuted by regulators, has been subpoenaed to testify before the committee on Nov. 7. Wall is also scheduled to testify Nov. 7.

The next banking committee hearing on Lincoln is scheduled for Oct. 24. Among those slated to testify are William Crawford, commissioner of the state Department Savings and Loan, and several workers for the state Office of Thrift Supervision.

Date:
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Submitting Office:

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TO: DIRECTOR, FBI

10/18/89

FROM: SAC, LOS ANGELES (P) 56C-LA-101615
SUBJECT: (WCC-4/SARA)
CHARLES KEATING-Chairman,
AMERICAN CONTINENTAL
CORPORATION;
UNSUBS-PRINCIPLES AND
OFFICERS OF LINCOLN
SAVINGS AND LOAN;
ELECTION LAW VIOLATIONS;
OO: Los Angeles

Bureau File Number
Field Office File Number
Squad or RA Number
Agent's Social Security No
☐ X if a joint operation with
(Identity of other agency)
☐ X if case involves
corruption of a public
official (Federal, State or
Local).

Investigative Assistance or Technique Used
Were any of the investigative assistance or techniques listed below used in connection with accomplishment being claimed? ☒ No ☐ Yes - If Yes, rate each used as follows:
1 = Used, but did not help 3 = Helped, substantially
2 = Helped, but only minimally 4 = Absolutely essential

1. Acctg Tech Assistance	Rating	8. Eng. Sect. Tape Exams	Rating	15. Photographic Coverage	Rating	22. Telephone Toll Recs	Rating
2. Aircraft Assistance		9. Hypnosis Assistance		16. Polygraph Assistance		23. UCO Group I	
3. Computer Assistance		10. Ident Div Assistance		17. Search Warrants Executed		24. UCO Group II	
4. Consensual Monitoring		11. Informant Information		18. Show Money Usage		25. UC Other	
5. ELSUR - FISC		12. Lab Div Exams		19. Surveill. Sqd. (SOG) Asst		26. NCAVC/VI-CAP	
6. ELSUR - Title III		13. Lab Div Field Support		20. SWAT Team Action		27. Visual Invest - Analysis (VIA)	
7. Eng. Sect. Field Support		14. Pen Registers		21. Tech. Agt. or Tech Equip			

A. Preliminary Judicial Process (Number of subjects)		Complaints	Informations	Indictments	D. Recoveries, Restitutions, or Potential Economic Loss Prevented (PELP) (Explain valuation in remarks)				
					Property Type Code*	Recoveries	Restitutions	PELP Type Code*	Potential Economic Loss Prevented
B. Arrests, Locates, Summonses or Subpoenas Served (No. of Subj.)									
Subject Priority*									
A B C									
FBI Arrests -									
FBI Locates -									
Local Arrests -									
FBI Subj. Released : Armed									
C. Release of Hostages or Children Located: (Number of Hostages or Children Located)					E. Civil Matters				
Hostages Held By Terrorists : All Other Hostage Situations					RICO - Civil Convictions				
Missing or Kidnaped Children Located					Civil Suits				
					Amount of Suit				
					Settlement or Award				
					Enter AFA Payment Here				
F. Final Judicial Process: Judicial District					No. of Subjects				
District State Conviction or Pretrial Div. Date Sentence Date					Acquitted Dismissed				
Subject 1 Subject Description Code* -					Subject 3 Subject Description Code* -				
☐ Felony Conviction Combined Sentence					☐ Felony Conviction Combined Sentence				
☐ Misdemeanor Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos					☐ Misdemeanor Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos				
☐ Plea Total Fines \$					☐ Plea Total Fines \$				
☐ Trial Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.					☐ Trial Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.				
☐ Pretrial Diversion					☐ Pretrial Diversion				
Subject 2 Subject Description Code* -					Subject 4 Subject Description Code* -				
☐ Felony Conviction Combined Sentence					☐ Felony Conviction Combined Sentence				
☐ Misdemeanor Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos					☐ Misdemeanor Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos				
☐ Plea Total Fines \$					☐ Plea Total Fines \$				
☐ Trial Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.					☐ Trial Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.				
☐ Pretrial Diversion					☐ Pretrial Diversion				

Attach additional forms if reporting final judicial process on more than four subjects, and submit a final disposition for (R-84) for each

Remarks: (For every subject reported in Sections A, B, E or F above, provide name, DOB, race*, sex, POB and SSAN if available.)

see page two

2 - Bureau
3 - Los Angeles 1 - (56C-LA-101615)
1 - (ADMIN STAT FILE) 1 - (P.F. SA
(5)

56C-LA-101615

At the request of Assistant United States Attorney
 Federal Grand Jury subpoenas were served on the
following:

b3
b6
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TO: DIRECTOR, FBI

FROM: SAC, LOS ANGELES (P)
SUBJECT: (WCC-4/SARA)

CHARLES KEATING-Chairman,
AMERICAN CONTINENTAL
CORPORATION; UNSUBS -
PRINCIPLES AND OFFICERS
OF LINCOLN SAVINGS & LOAN;
ELECTION LAW VIOLATIONS;
OO: Los Angeles

Bureau File Number
56C-LA-101615
Field Office File Number
0670
Squad or RA Number
Agent's Social Security No.

☐ X if a joint operation with:
(Identity of other agency)
☐ X If case involves
corruption of a public
official (Federal, State or
Local).

Date 10/19/89

Investigative Assistance or Technique Used			
Were any of the investigative assistance or techniques listed below used in connection with accomplishment being claimed? ☒ Yes - If Yes, rate each used as follows:			
1 = Used, but did not help 3 = Helped, substantially 2 = Helped, but only minimally 4 = Absolutely essential			
1. Acctg Tech Assistance	Rating	8. Eng. Sect. Tape Exams	Rating
2. Aircraft Assistance		9. Hypnosis Assistance	
3. Computer Assistance		10. Ident Div Assistance	
4. Consensual Monitoring		11. Informant Information	
5. ELSUR - FISC		12. Lab Div Exams	
6. ELSUR - Title III		13. Lab Div Field Support	
7. Eng. Sect. Field Support		14. Pen Registers	
15. Photographic Coverage	Rating	16. Polygraph Assistance	Rating
22. Telephone Toll Recs		23. UCO Group I	
24. UCO Group II		25. UC Other	
26. NCAVC/VI-CAP		27. Visual Invest - Analysis (VIA)	

A. Preliminary Judicial Process (Number of subjects)				Complaints	Informations	Indictments	D. Recoveries, Restitutions, or Potential Economic Loss Prevented (PELP)				(Explain valuation in remarks)	
							Property Type Code*	Recoveries	Restitutions	PELP Type Code*	Potential Economic Loss Prevented	
B. Arrests, Locates, Summonses or Subpoenas Served (No. of Subj.)												
Subject Priority*												
A B C												
FBI Arrests -				Subpoenas Served 01								
FBI Locates -				Criminal Summonses								
Local Arrests -				Local Crim. Summonses								
FBI Subj. Resisted _____; Armed _____												
C. Release of Hostages or Children Located: (Number of Hostages or Children Located)				E. Civil Matters								
Hostages Held By Terrorists _____; All Other Hostage Situations _____				RICO - Civil Convictions				Civil Suits Amount of Suit		Government Defendant		
Missing or Kidnaped Children Located _____				No. of Subj.				Settlement or Award		Government Plaintiff		
F. Final Judicial Process: Judicial District _____				Conviction or Pretrial Div. Date _____				Sentence Date _____		No. of Subjects _____		
				District _____ State _____						Acquitted _____ Dismissed _____		
Subject 1 Subject Description Code* -				Subject 3 Subject Description Code* -								
Conviction Combined Sentence				Conviction Combined Sentence								
Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos				Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos								
Total Fines \$				Total Fines \$								
Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.				Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.								
Subject 2 Subject Description Code* -				Subject 4 Subject Description Code* -								
Conviction Combined Sentence				Conviction Combined Sentence								
Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos				Title Section Counts In-Jail Yrs Mos Suspended Yrs Mos Probation Yrs Mos								
Total Fines \$				Total Fines \$								
Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.				Add consecutive sentences together. Enter longest single concurrent sentence. Do not add concurrent sentences together. Sentence 10 yrs.-8 yrs. susp. = 2 yrs. In-Jail.								

Attach additional forms if reporting final judicial process on more than four subjects, and submit a final disposition for (R-84) for each subject.

Remarks: (For every subject reported in Sections A, B, E or F above, provide name, DOB, race*, sex, POB and SSAN if available.)

see page two

2 - Bureau

3 - Los Angeles

1 - (56C-LA-101615) 1 - (ADMIN STAT FILE)
- (P.F. of SA)

56C-LA-101615-38

1989

56C-LA-101615

At the request of Assistant United States Attorney
[redacted] Federal Grand Jury Subpoenas were served on the
following:

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[redacted]	[redacted]	Date of Birth	[redacted]
[redacted]	Place of Birth	[redacted]	Social Security
Account Number	[redacted]		

(Indicate page, name of newspaper, city and state.)

ORANGE COUNTY REGISTER

Page 1

Date: 10/22/89

Edition: SUNDAY

Title: CHARLES KEATING

(Mount Clipping in Space Below)

Memo alleges Lincoln S&L workers laundered political contributions

By Mark Barnhill and Beth Barrett
Los Angeles Daily News

Federal banking regulators believe that illegal political contributions from the assets of Lincoln Savings and Loan were laundered through employees of the failed thrift, the Los Angeles Daily News has learned.

The allegations were made by regulators investigating the \$2 billion collapse of Lincoln, and the information has been for-

warded to the FBI in a referral for criminal investigation.

A confidential FBI summary of the referral, obtained by the Daily News, said that banking regulators determined that the contributions were directed by Charles H. Keating Jr., chairman of Lincoln's parent company, American Continental Corp.

"A former officer of Lincoln Savings has admitted to accepting an inflated salary with the understanding that part of the sala-

ry should be contributed to the campaigns of various legislators at the direction of Charles Keating," the May 9 document states.

Federal election laws prohibit an individual from making a political contribution in the name of another individual.

The FBI refused to discuss the document or provide details of the criminal referrals by the Federal Home Loan Bank Board and the Federal Deposit Insurance

Please see LINCOLN/3

on: 56C-LA-101615
Office: LA

FROM 1
Corp.

Neither Keating nor his attorney, A. Melvin McDonald, returned phone calls seeking comment.

William Crawford, director of the California Department of Savings and Loan, said that a former high-ranking official at the failed thrift revealed details of the arrangement to him in April.

The official received a "substantially inflated salary" and was directed both to make political contributions in his own name and to reimburse other employees who were ordered to contribute, Crawford said.

"The company was paying for the political contributions and laundering the money," he said. "The policy was to inflate salaries. He'd get a phone call and someone would say: 'You write a check.'"

The phone calls were placed by "people high up in the organization ... subordinates of Keating," and not by Keating himself, Crawford said.

Crawford confirmed that the official was Ray Fidel, former presi-

dent and chief executive of Lincoln. Crawford said that Fidel called him after federal officials seized control of Lincoln in April.

"I think Ray Fidel is a clean-cut guy," Crawford said. "He had aspirations for a career and his career was shot."

Fidel declined to be interviewed last week, saying, "The war is among other people. I want to stay out of it."

FDIC Chairman L. William Seidman told the House Banking Committee last week that his agency is investigating whether Lincoln funds were illegally used for campaign contributions to buy political influence.

Seidman would not provide details of the inquiry, but said investigators "will be looking at every piece of evidence we can find to determine whether or not laws were violated with respect to political contributions."

The banking committee opened hearings last week into the Lincoln failure, which is expected to cost federal taxpayers more than \$2 billion and was described as "the biggest bank heist in history," by Rep.



William Crawford

Said he was told of laundering deal

Jim Leach, R-Iowa.

Committee members hope to determine why federal regulators did not act sooner to take control of Lincoln, which government officials believed as early as 1986 to be spiraling toward insolvency.

A central question is whether Sen. Alan Cranston, D-Calif., and

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(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

four other lawmakers who together received more than \$1.3 million in contributions and other money through Keating intervened improperly with regulators to shield Lincoln from a federal takeover.

The four other lawmakers are Sens. Dennis DeConcini, D-Ariz.; John McCain, R-Ariz.; John Glenn, D-Ohio; and Donald W. Riegle Jr., D-Mich.

In April 1987, the senators met with federal regulators and pressed Lincoln's case at the height of a three-year investigation of the failing institution.

In an unprecedented move later, the Federal Home Loan Bank Board transferred supervision of Lincoln from its San Francisco office to Washington and ordered a whole new investigation.

All five senators have said that they urged regulators only to conclude their investigation of Lincoln one way or the other and did not try to influence its outcome.

But the watchdog group Common Cause last week asked the Senate Ethics Committee to investigate, and called on the Justice Department to determine whether

Keating's political contributions "constituted a violation of federal election laws or any other statutes."

Cranston solicited nearly \$1 million in contributions from Keating, including \$47,000 for his re-election campaign, \$85,000 to the California Democratic Party and \$850,000 for three voter-registration drives.

Glenn received \$34,000 in campaign contributions and \$200,000 for a political committee he controlled.

DeConcini received \$55,000 in campaign contributions; Riegle collected \$76,100 for his campaign; and McCain received \$110,000 in campaign contributions and \$13,000 in gifts.

DeConcini and Riegle since have returned the contributions, and McCain repaid \$13,000 for air transportation and other gifts. Glenn and Cranston have declined to give back the money, saying it would be an admission of improper behavior.

But Murray Flander, Cranston's press spokesman, said that Cranston would reconsider.

Date:
Edition:

Title:

Character:
or
Classification:
Submitting Office:

Indexing:



Charles H. Keating Jr.
Allegedly directed contributions

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/4/89

[redacted] was interviewed at his residence [redacted]

[redacted] After being advised of the identity of the interviewing agents, [redacted] provided the following information:

[redacted] provided the following descriptive information:

Current employer

Place of birth

Date of birth

SSAN

Education

Certification

Spouse

Spouse's employer

Children

Work telephone #

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[redacted] advised that he worked with [redacted] for [redacted] under [redacted] prior to going with AMERICAN CONTINENTAL CORPORATION (ACC). [redacted] advised that he was employed with AMERICAN CONTINENTAL PROPERTIES, INCORPORATED, for [redacted] and later with LINCOLN SAVINGS. [redacted] advised he started with AMERICAN CONTINENTAL PROPERTIES, INCORPORATED, in the summer of [redacted] advised that he was [redacted] the entities named AMERICAN CONTINENTAL RESOURCES CORPORATION; TATUM PLACE, INCORPORATED; AMERICAN CONTINENTAL PROPERTIES, INCORPORATED; and DUNLAP APARTMENTS, INCORPORATED. [redacted] advised that his duties started as [redacted] in commercial real estate activities. [redacted] advised that his duties evolved to [redacted] advised that he left LINCOLN in [redacted] advised that he transferred to LINCOLN SAVINGS AND LOAN (LSL) in approximately [redacted] advised that he

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Investigation on 10/3/89 at Scottsdale, Arizona File # 56C-LA-101615-40
by SA [redacted] Date dictated 10/4/89

SEARCHED
SERIALIZED
10/4/89

INDEX
FILE

OCT 3 1989

FBI - LOS ANGELES

56C-LA-101615

Continuation of FD-302 of [REDACTED], On 10/3/89, Page 2

worked as a [REDACTED] at LSL, but did not complete any projects there.

[REDACTED] advised that his starting salary in [REDACTED] was [REDACTED] annually. [REDACTED] advised that during the first couple of years increases every six months were approximately [REDACTED] to [REDACTED]. Increases were based on the merit system. [REDACTED] advised that he received a bonus of [REDACTED] in approximately December 1985. In later years, the Christmas bonus averaged approximately two-week's salary. [REDACTED] advised that in spring of [REDACTED] he was making approximately [REDACTED]. [REDACTED] advised that his salary as of [REDACTED] was approximately [REDACTED] annually.

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[REDACTED] advised that after two months as a [REDACTED] at LSL his duties changed to [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] advised that a number of the subs and LSL held bonds.

[REDACTED] advised that his fringe benefits at the company included health and life insurance and disability insurance. Travel reimbursements for his travel when he was with LSL was reimbursed. [REDACTED] advised that he would take trips to Los Angeles and New York pertaining to investments and high-yield investments.

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[REDACTED] advised that he received a non-cash bonus in the form of landscaping for his house due to the work on financing pertaining to the HOTEL PONTCHARTRAIN.

[REDACTED] advised that [REDACTED] who was formerly [REDACTED] at AMERICAN CONTINENTAL PROPERTIES, INCORPORATED and later at LSL. [REDACTED] advised that he was hired at ACC on the recommendation of [REDACTED]
[REDACTED]

[REDACTED] advised that he was not told anything as to terms and conditions of his employment with respect to political contributions. [REDACTED] advised that dozens of political and charitable speakers, including JOHN MC CAIN and Senator RIEGLE appeared at ACC to give speeches. Attendance at these presentations was optional. A memo announcing these speakers would be circulated. [REDACTED] advised that he missed more than one of these presentations. [REDACTED] advised that political contributions were not mentioned in his hiring interview.

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Continuation of FD-302 of [redacted], On 10/3/89, Page 3

[redacted] advised that there was a climate encouraging political contributions at ACC. [redacted] advised that approximately 30-40 people would attend presentations of these political and charitable speakers. These presentations would be held at the office on Camelback Road, Phoenix, Arizona. Three hundred employees were employed at the Camelback Offices.

[redacted] advised that memos announcing the appearance of these political and charitable speakers would come from CHARLEY JR.'s office, probably prepared by his secretary at his direction.

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[redacted] advised that he resigned from LSL after finding a new job because of the bankruptcy.

[redacted] advised that he did not sign a termination agreement with ACC, but did know that they existed. [redacted] advised that he did not know of any specific cases of persons signing termination agreements. [redacted] advised that he knew of the existence of termination agreements within one to two years of his employment date. [redacted] advised that the nature of the termination agreement was to protect ACC from suits brought by former employees for their actions at ACC.

[redacted] advised that he was a Republican. [redacted] advised that he contributed to the RIEGLE FOR SENATE in 1988 campaign in the amount of [redacted] on March 11, 1987. [redacted] did not recall that that contribution was returned to him. [redacted] advised that he made the contribution because he felt the pressure to contribute. [redacted] advised that his contribution was a function of being a "follower". [redacted] advised that his job security was not in jeopardy if the contribution was not made. [redacted] advised that he does not recall any political contributions he made before 1985. [redacted] advised that he made no state or local political contributions.

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[redacted] advised that he received a memo from CHARLEY KEATING, JR.'s secretary on RIEGLE contributions. The memo from CHARLEY, JR.'s secretary said something similar to, "we're trying to support this individual and we'd like you to consider supporting him". [redacted] advised that contributions were made directly to the candidate. [redacted] advised that he made out the check while making out his bills at home. [redacted] advised that he decided on the amount of [redacted] based on that was what he could afford at that time. [redacted] advised that he did not contribute to all candidates which were suggested by the memos. [redacted] reiterated that he felt pressure to contribute. [redacted] added that it was just like contributions to the children's ball held in the fall of each year. [redacted] advised

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Continuation of FD-302 of [REDACTED], On 10/3/89, Page 4

that he considered that if it was the best thing for the company and the company was in alignment with his personal thinking, he would go ahead and make the contribution. [REDACTED] advised that it was never stated or implied that contributions were a required condition of his employment. [REDACTED] added that nobody ever tore the memo up and said, "I'm not going to contribute."

[REDACTED] advised that he talked to [REDACTED] before deciding on how to respond to a memorandum suggesting contributions. No reimbursement of contributions was ever considered or discussed by anybody at ACC. [REDACTED] advised that he was aware of the \$1,000 per candidate per election limitation on contributions. [REDACTED] advised that he was aware of this limitation at the time he made the RIEGLE contribution. [REDACTED] added that he recalled that he did give to the GOP and to the REAGAN campaigns in the amounts of [REDACTED] before 1985.

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[REDACTED] advised that he does not know of any person who was disciplined after refusing to contribute to any political campaigns. [REDACTED] added that management would not know if an employee had contributed to a campaign due to the fact that any contributions were made to the particular politician and not through the company channels.

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[REDACTED] advised that he does not know of any other ACC employees who made political contributions. [REDACTED] added that CHARLEY KEATING, JR., made it clear that he was supporting RIEGLE.

[REDACTED] advised that he did attend appearance of MC CAIN and RIEGLE at the Camelback offices of ACC.

CHARLEY KEATING, JR., was not secretive about his support or his contributions to political candidates. [REDACTED] advised you were not expected to make contributions, although there was pressure to make contributions present at ACC.

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[REDACTED] advised that the higher salary you received at ACC, the more pressure there was to make political contributions.

[REDACTED] advised that up until he received a [REDACTED] annual salary there was not much pressure to contribute.

[REDACTED] advised that the memos suggesting contributions probably came out about once per year. [REDACTED] advised that he threw his memos away. [REDACTED] advised that nobody ever collected contributions for candidates at ACC. [REDACTED] advised that he probably got the address from the memorandum on the RIEGLE campaign.

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Continuation of FD-302 of [REDACTED], On 10/3/89, Page 5

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[REDACTED] summarized that political contributions were not required at ACC as a condition of employment, rather there was just that pressure to make political contributions.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/5/89

On October 3, 1989, [redacted]
[redacted] work telephone number [redacted]
[redacted] after being advised of the identities of the
interviewing agents and the nature of the interview, provided the
following information:

He advised he is currently employed as [redacted]
[redacted]
[redacted] He
was born on [redacted] at [redacted] His SSAN
is [redacted] He graduated from [redacted] with
a [redacted] He has 47 hours towards a [redacted] in
[redacted]
name is [redacted] and she is employed with [redacted]
[redacted] They have [redacted]

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He began working for PEMKO BUILDERS in [redacted] and left
in [redacted] He began working for MEDEMA HOMES in [redacted]
[redacted] an affiliate of AMERICAN CONTINENTAL CORPORATION (ACC) as
[redacted] for a salary of [redacted] per year.
In approximately [redacted] he was transferred to [redacted] to
work for AMERICAN CONTINENTAL PROPERTIES at a salary of [redacted]
per year. In [redacted] he was transferred to LINCOLN
SAVINGS AND LOAN (LSL) in [redacted]
[redacted] at a salary of [redacted]
per year. He received a number of raises in this position and was
promoted to [redacted]
His salary increased to [redacted] per year. In [redacted] he
received [redacted] incentive bonus to return to [redacted] He worked
at [redacted] for a short period of time and was then
transferred to [redacted] His salary increased to
[redacted] per year in [redacted] he
was demoted and moved to the project from ACC headquarters. He
began looking for another job at this time and left ACC in
[redacted]

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In [redacted] he went to work for [redacted]

Investigation on 10/3/89 at Scottsdale, Arizona File # 56C-LA-10161
by SA [redacted] and SA [redacted] Date dictated 10/4/89

SEARCHED [redacted] INDEXED [redacted]
SERIALIZED [redacted] FILED [redacted]

OCT 8 1989

FBI - LOS ANGELES

56C-LA-101615

Continuation of FD-302 of [REDACTED], On 10/3/89, Page 2

INCORPORATED, as [REDACTED]
His salary was [REDACTED] per year. In [REDACTED] he left
[REDACTED] INCORPORATED, and began to work at his present employment.
His current salary is [REDACTED] per year.

He advised he did not receive any fringe benefits at ACC other than medical or dental insurance. He did participate in the Employee Stock Option Plan (ESOP) and was vested at 60%. He also participated in the Incentive Stock Option Plan (ISOP), wherein an employee can purchase company stock at a certain price.

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He received a Christmas bonus in [REDACTED] of approximately [REDACTED]. He received a Christmas bonus in [REDACTED] and believes it was more than [REDACTED] but does not recall the exact amount. He did not receive a Christmas bonus in [REDACTED] as he received [REDACTED] bonus to [REDACTED].

He was interviewed and hired by [REDACTED]
[REDACTED] AMERICAN CONTINENTAL PROPERTIES. [REDACTED]
was [REDACTED] until the [REDACTED] when he began reporting
to [REDACTED] When he returned to
[REDACTED] he reported to CHARLES KEATING, JR.

He received his paychecks from the same company for which he was working for at the time.

He advised when he was hired there was no mention of political contributions with respect to employment.

He advised he resigned from ACC as he was disenchanted with this company. He did not sign any agreement regarding his termination. No one at ACC has tried to prevent or discourage him from talking with authorities regarding his employment at ACC.

He advised he belongs to the Republican party. He advised he has only made one political contribution, [REDACTED] to DONALD RIEGLE in the winter of 1987. He believes he mailed this contribution. [REDACTED] reminded him that RIEGLE toured the offices of ACC with KEATING prior to this contribution. He advised this may have had some bearing on his contribution, but he was never instructed or solicited to make any kind of contribution while employed at ACC. He advised that in the spring of 1985, Senator CRANSTON and [REDACTED] came through the ACC offices and had lunch with the employees. CRANSTON also gave a short talk.

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He advised no one from ACC solicited or collected contributions while he was an employee there. He advised no

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Continuation of FD-302 of [REDACTED], On 10/3/89, Page 3

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contributions were solicited from [REDACTED]. He advised he never felt any pressure to contribute to any type of campaign. He advised that contributing to a political campaign was never a required condition of employment. He was not aware of any type of reimbursement for political contributions. He was never reimbursed for any contributions that he made.

He was not aware that it was illegal for ACC to contribute to federal candidates. He advised he was vaguely aware of the \$1,000 per candidate per election limitation on contributions. He discussed the one political contribution with his wife and no one else.

He advised he was not aware of any political contributions made by any ACC employees. He advised he was not aware of any ACC employee who declined to contribute or who complained about contributions. He was not aware of any terminations for persons who declined to contribute. He was not aware of any ACC employees being reimbursed for contributions.

He advised he and [REDACTED] attended two dinners for GEORGE DEUKMEJIAN when he was running for governor of California. He attended this with other employees from ACC. He did not buy his ticket or pay for admission. He did not believe he was given a ticket for the dinner. He was advised at work that the plates were already paid for. Someone came through the office requesting people to attend the dinner, but no one was instructed to attend.

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He advised he will make a copy of the one political contribution he made and provided this check to the FEDERAL BUREAU OF INVESTIGATION (FBI).

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/12/89

[redacted]
[redacted] was advised of the identity of the interviewing agents and the nature of the interview. [redacted] was interviewed in the presence of [redacted] as well. [redacted] provided the following information:

[redacted] stated that one evening [redacted] arrived and advised her of a fund-raising dinner for the Republican National Committee for BUSH. [redacted] told her that he wanted to attend the fund-raiser, but that it would cost \$10,000 per person. [redacted] reluctantly advised [redacted] that she would attend the fund-raising dinner, though she is a supporter of DUKAKIS. This fund-raising dinner was to happen in Beverly Hills, California during the first part of 1988. Other AMERICAN CONTINENTAL CORPORATION (ACC) employees that attended this fund-raising dinner were [redacted]
[redacted]

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[redacted] advised that because she does not work for ACC, nor does she have a job outside of the home, she only knows ACC employees through [redacted]. She advised that she is a homemaker and stays at home most of the day.

[redacted] noted that no other political contributions were made other than the \$10,000 fund-raising dinner.

Investigation on 10/3/89 at Scottsdale, Arizona File # 56C-LA-101615-42

by S [redacted] Date dictated 10/4/89

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/6/89

On October 3, 1989, Special Agent (SA) [redacted]
[redacted] and SA [redacted] contacted [redacted] date
of birth [redacted] for the purpose of interviewing him
concerning possible violations of the Federal Election Laws.
After being provided the identity of the interviewing agents,
[redacted] provided the following information:

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Investigation on 10/3/89 at Phoenix, Arizona File # 56C-LA-101615-44
by SA [redacted] SA [redacted] Date dictated 10/5/89

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56C-LA-101615

Continuation of FD-302 of [REDACTED], On 10/3/89, Page 3

[REDACTED]

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SA [REDACTED] concluded the interview with [REDACTED] by
serving him with a Federal Grand Jury Subpoena from the Central
District of California for [REDACTED]

[REDACTED]

58A-LA-101615-44

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/11/89

[redacted]
[redacted] after being advised of the identity of the interviewing agent and the nature of the interview and in the presence of [redacted] provided the following information:

[redacted] advised that he is currently employed by AMERICAN CONTINENTAL CORPORATION (ACC) as [redacted] began employment with ACC on [redacted] at the salary of [redacted] currently earns a [redacted] salary. Prior to his employment with ACC, [redacted] was employed by [redacted] as [redacted] from [redacted] at a salary of [redacted] stated that he could not recall the specific dates and amounts of pay increases with ACC. [redacted] goes through a salary review during the spring of each year. [redacted] said that he has received steady pay increases each year since the beginning of his employment. [redacted] stated the [redacted] salary that he receives from ACC is a fair salary based on his experience and credentials. [redacted] stated that he was recently offered a similar job with another firm for [redacted] per year which he refused. [redacted] stated that he has never received either a clothing allowance, child care allowance, or travel allowance. [redacted] is simply reimbursed for actual travel costs incurred on behalf of ACC. [redacted] said the last bonus he received was a Christmas bonus in [redacted] consisting of one week's salary.

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[redacted] advised that he is [redacted] is the only person working in [redacted] stated that in the recent past, there were [redacted] employed by ACC. [redacted] is currently the [redacted] employed by ACC.

[redacted] stated that he has been reporting to [redacted] for the last six months. Prior to reporting to [redacted] reported directly to CHARLES KEATING, JR. [redacted]

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Investigation on 10/3/89 at Tempe, Arizona File # 56C-LA-101615-45

SA [redacted]
SA [redacted]Date dictated 10/4/89

56C-LA-101615

Continuation of FD-302 of [REDACTED], On 10/3/89, Page 2

[REDACTED] believes that [REDACTED] is [REDACTED] of [REDACTED].
[REDACTED] stated that he receives his paychecks from ACC.

[REDACTED] was interviewed for his position at ACC by [REDACTED].
[REDACTED] was the [REDACTED] for ACC. [REDACTED] said that there were no terms or conditions of employment with respect to political contributions. Political contributions were never mentioned during his hiring interview.

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[REDACTED] stated that he has been previously contacted by Special Agent [REDACTED] regarding flight records. [REDACTED] was told by Corporate Counsel not to provide anything to the FBI unless they had a search warrant.

[REDACTED] stated that he does not have a political party affiliation, however, he is registered as a Republican in the State of Arizona. [REDACTED] stated that he and [REDACTED] have made direct political contributions on three separate occasions.

[REDACTED] stated that he could not remember the specific date or amount of the contributions. [REDACTED] stated that he made a political contribution to Senator JOHN MC CAIN which he estimated was some time in 1985. [REDACTED] stated that MC CAIN is a Republican from Arizona. [REDACTED] believes that he and [REDACTED] mailed a check directly to the MC CAIN campaign. [REDACTED] stated that he made a political contribution to Senator DON RIEGLE which he estimated was some time in 1985. [REDACTED] stated that he thought RIEGLE was a Republican from Michigan. [REDACTED] stated that he and [REDACTED] probably mailed a check directly to the RIEGLE campaign. [REDACTED] stated that he made a political contribution to County Attorney RICHARD ROMLEY which he estimated was some time in 1987. [REDACTED] said that ROMLEY is a Republican from Maricopa County, Arizona. [REDACTED] stated that he and [REDACTED] mailed a check directly to the ROMLEY campaign.

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[REDACTED] stated that he did not make any political contributions prior to 1985. [REDACTED] said that no one from ACC has ever solicited or collected political contributions from him. [REDACTED] stated the political contributions made by him and [REDACTED] were personal and not connected with his employment with ACC. [REDACTED] said that he supported candidates that he liked.

[REDACTED] stated that some time in 1985 he had the occasion to hear a speech by Senator RIEGLE at the HOTEL PONTCHARTRAIN, Detroit, Michigan. [REDACTED] does not believe the speech by Senator RIEGLE was a political fund raising activity which required a fee to attend. [REDACTED] believes that Senator RIEGLE was at the HOTEL PONTCHARTRAIN to make a speech regarding

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Continuation of FD-302 of [REDACTED], On 10/3/89, Page 3

economic development. [REDACTED] stated that he was not pressured to make a political contribution to Senator RIEGLE. [REDACTED] was impressed by Senator RIEGLE's speech and felt that he was on the right side of the issues. Additionally, [REDACTED] contributed to Senator RIEGLE because RIEGLE was Chairman of the Senate Banking Committee and banking issues are important to this country and to his employment. [REDACTED] stated that banking issues were important to his employment because banking was a significant part of his employer's business activities.

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[REDACTED] advised that he was not familiar with federal election campaign laws. [REDACTED] said that he did not know one way or the other if it was illegal for ACC to contribute to federal candidates. [REDACTED] stated that he was aware of a limit that could be made to political candidates, but did not know the dollar amount. [REDACTED] said that he was unaware that there was a \$1,000 per candidate per election limitation on contributions.

[REDACTED] stated that he did not discuss the topic of political contributions with other ACC employees. [REDACTED] said the topic of political contributions has only been discussed between him and [REDACTED] does not know of any ACC employee who has been asked to contribute to any particular political candidate.

[REDACTED] stated that Senator RIEGLE's speech at the HOTEL PONTCHARTRAIN was attended by approximately six other ACC employees, including CHARLEY KEATING, JR. [REDACTED] stated that he was staying at the HOTEL PONTCHARTRAIN resulting from a business trip to Detroit. [REDACTED] was simply asked by another ACC employee if he would like to attend a speech by Senator RIEGLE that happened to be at the HOTEL PONTCHARTRAIN on the night he was staying there.

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[REDACTED] advised that he received a refund from Senator RIEGLE approximately six months after initially making the campaign contribution. [REDACTED] believes he received the refund in 1986. [REDACTED] stated that he deposited the RIEGLE refund check to his bank account.

[REDACTED] advised that he did not wish to discuss additional matters unrelated to his political contributions without first consulting and obtaining representation from ACC lawyers.

A Federal Grand Jury Subpoena was served upon [REDACTED]

[REDACTED] the Federal Grand Jury at Los

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Continuation of FD-302 of [REDACTED], On 10/3/89, Page 4

Angeles, California on or before [REDACTED]

[REDACTED] The following descriptive data was obtained from [REDACTED]

Home address

Home telephone #
Work telephone #
Current employer
Place of birth
Date of birth
SSAN
Education

Spouse's name

[REDACTED]

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[REDACTED] The following descriptive data was obtained from [REDACTED]

Home address

Home telephone #
Work telephone #
Current employer

Place of birth
Date of birth
Education

SSAN

[REDACTED]

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