

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1259813-1

Total Deleted Page(s) = 23

- Page 12 ~ b6; b7C; b7D;
- Page 13 ~ b6; b7C; b7D;
- Page 14 ~ b6; b7C; b7D;
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X Deleted Page(s) X  
X No Duplication Fee X  
X For this Page X  
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(Title) _____

(File #) _____

Item	Date Filled	To be returned		Disposition
		Yes	No	
1	11/13/88			orig notes re: [redacted] 11/16/88
2	12/1/88			orig notes re: [redacted] 11/23/89
3	12/1/88			orig notes re: [redacted] 11/23/88
4				orig notes re: [redacted] 11/23/88
5	2/1/90			orig notes re: [redacted] 2/1/90
6	2/1/90			orig notes re: [redacted] 2/9/90
7	2/9/90			orig notes re: [redacted] 2/23/90
8	3/2/90			orig notes re: [redacted]
9	3/2/90			orig notes re: [redacted]
10	3/2/90			orig notes re: [redacted]
11	3/2/90			orig notes re: [redacted]
12	3/2/90			orig notes re: [redacted]
13	3/28/90			Executed Su [redacted]
14	3/28/90			Orig. notes re: [redacted] 3/13/90
15	3/28/90			Orig. notes re: [redacted]
16	3/28/90			Orig. notes re: [redacted]
17	4/4/90			Orig. notes re: [redacted] 3/6/90

ISIS
JMS

ISIS
JMS

b6
b7C

b6
b7C
b7D

15
MJC
500-PX-41605-1A-8

Universal File Case Number 58C-PX-41605-1A1

Field Office Acquiring Evidence Springfield

Serial # of Originating Document _____

Date Received 9/3/91

From _____
(Name of Contributor)

(Address of Contributor)

By _____
State) _____
cial Agent) _____

b6
b7C

To Be Returned Yes No

Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)

Federal Rules of Criminal Procedure

Yes No

Title: Allegations concerning US Senators

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

&

b6
b7C

8/22

KEEP ATTACHED TO EXHIBIT
SIJPC-PK-41605-1A1

b6
b7C

[Redacted]

said contribution to American votes ~~center~~ was associated w/ the White House - couldn't recall who solicited the contribution - did recall that Reagan was supposed to speak at the old

did recall that it had to do w/ assisting in voter registration

supposed to be bi-partisan, but being pushed by Reagan administration

couldn't find record of it, believed that it had possibly changed names

[Redacted]

Republic backed
Oregon
Vote America

b6
b7C

Citizens Participation

Project: The Missing Half
organization organized by

[Redacted]


said he recalled being in Washington with a group of Democrats - didn't recall who may have solicited

has only seen Cranston on 1 occasion in a subway between the Hill & other parts of Washington

- no relationships w/ Cranston - has no relationship w/ any Senator

said he mailed something to Cranston on US-USSR Trade Council as a result of a request, possibly from Cranston, C gave him the names of 2 guys back of USSR when he returned w/ Cranston to his outer office -

money was for get out the vote program - decided to give on annual basis once he had program checked w/ ADM attorneys

Field File No. SFC-PX-41605-1A1

Serial # of Originating Document _____

OO and File No. CP

Date Received _____

From _____

(Name of Contributor)

Am _____
Tennel Corp 1544 St

By _____

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title: Allegations Concerning U.S. Senator
Alan Cranston et al
CPD - Federal Legislative
OO: PX/LA

Reference: _____
(Communication Enclosing Material)

Description: Original _____

b6
b7C

b6
b7C

[redacted]

1. [redacted] COB AFC
2. Has known Alan Cranston socially for many years based upon passing contacts at various functions. Not personal friends.
3. Whether he or to his knowledge his staff has had occasion to contact Cranston or his staff with regard to legislative or regulatory matters related to AFC.
4. Whether Cranston or his staff has being persuaded or other wise attempted to convince he or AFC to make political contributions
5. He acknowledged that AFC made a \$25K contribution by check to the Forum Institute on or about 5/26/88. This was considered by [redacted] to be a soft money political contribution inasmuch as it was his understanding that the money would be utilized for "get out the vote" ^{"with registration"} purposes. He understood Forum Institute was associated with US Senator Alan Cranston in some unrecalled, non-specific way. He obtained his information ^{about} solicitations to contribute to the Forum Institute from an unrecalled small associate of Senator Cranston.
6. AFC ~~was~~ owned by Hunter Sandage & Loan and President Bank of CA. He does not recall ^{any} ~~any~~ contact with [redacted], nor did he recall contact knowledge of a contact with [redacted] a.

7. [redacted] commented that he and/or AFC received approximately 10-15 solicitations per day for contributions and donations.

8. In response to a direct question about the possible existence of ^{false} political contributions by APC, [redacted] tentatively responded in the affirmative. When advised by Frame that APC ^{has} not been able to locate such a file, [redacted] ^{advised} with due his original affirmative response and replied in the negative.

b6
b7c

9. [redacted] advised and Frame agreed to provide a copy of the APC check paid to the Forum Trust Funds. [redacted] indicated that the ^{extent of APC's records for such contributions would} be cancelled checks.

10. In response to a question about whether his contributions to the Forum Trust Funds were in any way connected to Charles H. Keating Jr, [redacted] responded that it definitely was not connected with Keating.

1. [redacted] as legislation
2. [redacted]
3. \$25K to Forum Institute 5/20/88
4. Charles Keating
5. staff money

9th fl. President Tower

8/20/91.

b6
b7C

No recollection of who called.

with grant -

No matter report of his safe

concern

No contact with Keating

No on any staff

Concluded check

No mail of

No on in his

STO

9th fl

President Tower

4's

Field File No. 58C - PX - 41605 - 1A1

Serial # of Originating Document _____

OO and File No. _____

Date Received 5/23/90

From sa

(Name of Contributor)

Charlotte Division

(Address of Contributor)

By sa

(Name of Special Agent)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: CE airtel to PX 6/6/90
(Communication Enclosing Material)

Description: Original notes re interview of

b6
b7C

b6
b7C
b7D

Field File No. 58C-PX-41605-1A-(1)

Serial # of Originating Document _____

OO and File No. PX/LA

Date Received _____

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By _____
[Redacted] (Special Agent)

b6
b7C

To Be Returned Yes No receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

[Redacted]

11/6/89

b6
b7C

ISIS
JMS

20
0.



1st association w/ Lincoln

①

11/6/89

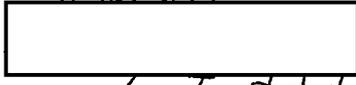
5/1/83 started as chairman

10/83

Brokered funds notice to industry

1/16/84

Direct investment regulation 10% ~~to be implemented~~ proposal



Institution already safe and sound (S+L)

Equity more risky than debt instruments

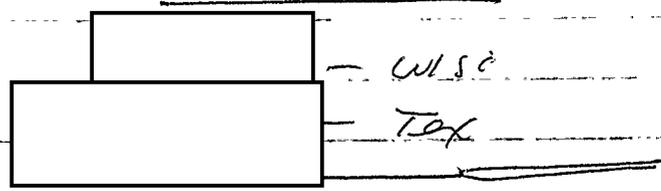
Brokered funds never became regulation lost suit before date of effect.

Yarn — 3% of assets only to Fed Charter, rest to State. Calif had 100% of assets direct investments

100% for Calif still in effect

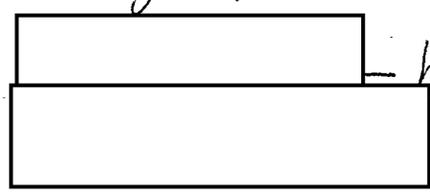
Ronald Pearson from Calif.

FAIC need



If exceed 10% - need approval of Sup Econ act.

Grand clause - start few days before regulation proposed



hired by Lencov - paid a lot (\$ 1/2 a 2 million)
(First Boston Corp)

(2)

1/2 of House of Representatives - hold for 6 months

[Redacted]

Charles Keating, Jr.?

Govt Operations Committee

[Redacted]

[Redacted]

3/27/85 - no prob - no one would risk association with S&L failure

b6
b7C

~~3/78~~

3/85 Adopted D. I. Regulation

[Redacted]

- twice

[Redacted]

7-1/85

[Redacted]

Keating used to run them

[Redacted]

etc -

[Redacted]

talked - 3 people know - no embarrassment

10/17/85

House Banking Committee

[Redacted]

1% of deposits set aside

- Gray no clean

10/85 went to

[Redacted]

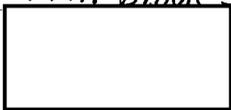
Keating op
that

[Redacted]

\$ 11,000,000

Keating would pay a lot of money
high position

FAIR BANKS, FRB



9/86
- Bank Board to ~~OK~~ 1985
Refused to sign 407 m investigation of Lincoln

Direct Investment
part of aid auto corp.

Henkel } Bank Board

proposal - hold
Junior bonds
\$100,000,000

Rule extended 2

Direct investment
average

new Rule Direct Invest
to Tangible net worth

2/87
accepted
effective
4/15/87

(Tangible net worth) ASST - Ltd - net worth
above 6% between
3% below

of 6%
Tangible
net worth

1.7
1.65

.05 (Net worth \$ 50 million)

Lincoln
had problems
with tangible
net worth

2 1/2 times or \$ 150 million
D. I.

4/1/87

Henkel leaves board

4/2/87

[Redacted]

calls meeting, Roco ^{Paul} _{Hoyle} at (OTS)

Charles [Redacted] (Pho) received contribution appeared at one bank board a committee meeting,

tell
Call
TO
McGinn
=

b6
b7c

12/84 - 1/85

Plus [Redacted] - make it diff for people to make loan for house

[Redacted]

[Redacted]

denial he was
breakfast meeting in

WDC

[Redacted]

called

In office of
Senit
DAN
Roglye
2 weeks
prior

[Redacted] to go "alone" to [Redacted] DeCavalli
for Constitution of S+L.

Surprised - 3 other Senators - Glenn
Branson
McGinn

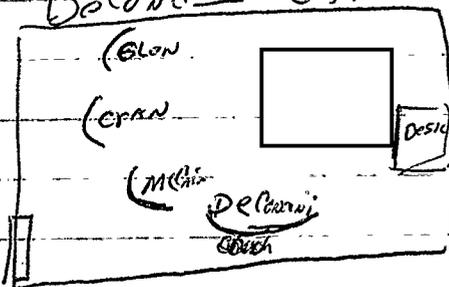
8-8 DeCom, re 2/85.
- ; } of E.C. ?
explain print in hand one
rule w/ [redacted]
no resistor - asked only
a few questions.

b6
b7c

^{meeting}
Cranston 8/1985
begged for 6 Calif seats
[redacted] Committee
Cranston - Jordan or Cranston
problems of FDIC to include D.I.
growth rate, examine problems
to tell him, a powerful person,
the problems of the industry
"Coersion of the industry"
Cranston ^{present} 8/26/85

meeting April 2 1987

Dolan - Office 6pm



b6
b7C

DeLoach - Dec

Dec 1 "friend" who was in alway (never used Keating's name)

Dec 2. ^{discuss some} CONCERNS of theirs.

3 Mc Cain "we want to do nothing improper on 3-4-5 terms"

note to ask questions (Criston high ranking) (oversite)

Dec 4 "we" and "us" ^{big}

no discomits note amongst 4 senators

no other senator disagreements/ DeLoach

all four participated

(whole idea of -b- was not quite right) making - do nothing wrong by McCain.

Dec 5. Regulation that may is - or could be unconstitutional.

Suit filed by (Keating) friend.

would like you to withdraw regulation until it can be determined if its legally unconstitutional

not profitable not -

~~then~~ withdraw regulation - we get our friend to make more home loans.

b6
b7C

no way to test unless by courts and if withdrawn would not be tested. 1984-1985-1986 It was legal.

McGAIN + DoC... speaks about appraisals more than R. + G. did. McGAIN speaks in appraisal area more than he speaks in other areas.

appraisals spoke about at meeting - purely affect financial condition - raw land (R41C -) (tough appraisal scheme to regulate.)

unreasonable - unrealistic way FHLB of S.F. required of appraisals.

Glenn "you the Chief regulator - why don't you know?" \$3000 institutions

RAISED HIS VOICE

got impression they had all been talked to, or briefed by someone before the meeting.

(memo - [redacted] Feb '86 - Lincoln housing examiners read financial condition of LSL)

b6 b7c

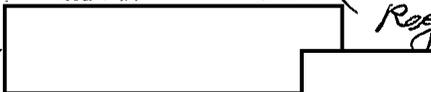
"Lincoln had problems"

"I don't know why examine taking so long"

Best team out there in S.F. INSECURELY for him TO KNOW - NO POINT TO KNOW. HAVE NO TRUTH IN VENDORIA - good people in SAN FRAN.

We'll have to talk about it (meeting with S.F. Regulators) gave them names - [redacted]

I have meeting Approx.



late April '87 - brief

b6
b7C

- * 1. diminution of assets.
- * 2. operating in unsafe & unusual manner.
- 3. insolvent.

* Lincoln

3/87 (Recuse memo petition)
TO BOARD.

[Redacted]

sponsored by

[Redacted]

to President)

John Rousset former Calif Congress
then head of National Trade Council of SH
Association

\$100,000,000 attempt.

J. Roub - had friends at Lincoln

\$8,000 toward supposed purchase
of Lincoln.

Spring
of
1987

No send up
to enforcement
return

[Redacted]

[Redacted]

- defended Lincoln &
opposed to enforcement
close to end - thought she should
have been first.

1/27/85

Field File No. _____

Serial # of Originating Document _____

OO and File No. 58C - PX - 41605 - 1A2

Date Received 5-25-90

From _____
(Name of Contributor)

Rt 7 Box 6141
(Address of Contributor)

Lex NC
(City and State)

By _____
(Name of Special Agent)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title: Allegations concerning
US Senator Allen Cranston
Lincoln StL
Corruption of Public official
OO: PX

Reference: _____
(Communication Enclosing Material)
CE airtel to PX 6/6/90

Description: Original notes re interview of _____

b6
b7C

20
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Field File No. 580 41605 1A(2)

Serial # of Originating Document _____

OO and File No. _____

Date 11/28/89

From (SF)
(Name of Contributor)

b6
b7C

(Address of Contributor)

(City and State)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: w of 11/28/89

ISIS
JMS

23

[Redacted] #128/89 b6 b7C
[Redacted] DCS [Redacted]

W - [Redacted] SF, Ce 94120

[Redacted] b6 b7C
[Redacted]

[Redacted] FSLIC,

[Redacted] FHCB - SF, and
then detailed to WDC - [Redacted]
of FSLIC - [Redacted]

[Redacted]

LSL - 1984 - as the S&L that lead
the case against direct investment
[Redacted] Board had lost
law suite re broker accounts,

Had to respond to direct investment
Direct investment - adopted in Jan '85.
Before this date - grandfathered. At this
time LSL was not a problem at this time,

In 3/85 L apply for 40% of assets
for direct investment allowance - to SF

who turn it down. (ppad goes to WDC - WB work on this - denied and it work on the public available info (10K & 10 Qr) reveal unsafe investment practice (Self Broadcast - unfriendly take over) after capital was being invested in risky investments

1986 - (Aug) - Meeting in WDC (result of 3/86 experience - 7 Moreham). Reveals L was a fairly theft. Copies Enforcement and Litigation Unit. Blochmann,

lit. at assigned to begin to work on def. of Conservership & receivership. (Doretta Pitt - w/Bank Board. documents att.)

Jan. 1987 (New York base)

Paul & Peter took [redacted] said you can't get done, except through their New York law firm. This leads to WDC [redacted]

b6
b7c

[redacted] Iran SF
Come talked [redacted]
and [redacted] present.
+ [redacted]
[redacted] NO [redacted]

[Redacted]

would be on site
of near I, rather than NY, (great
discovery device)

Jan/85 Direct Investment Sunset Rule
Der 85/Jan 86. Bank Board w/o 2
members. Couldn't get
Tepec Cuts to Bank [Redacted]

[Redacted] (and)

2 Lee Henkel.

[Redacted] - extend Direct Investment [Redacted] too)

Henkel - weaken rule if extended.

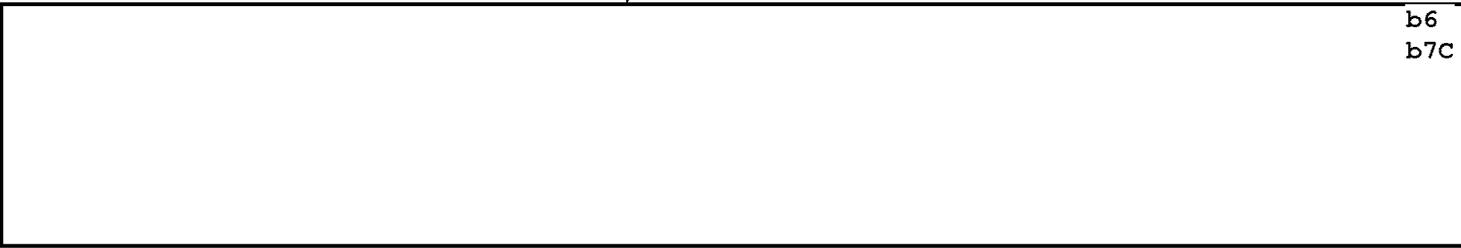
Proposal: if enough Capital - S&L
do what ever they want. Point #11 mandatory
investment - deemed to be grandfathered.
(Henkel - had major loans w/ Keating & H)

at this time I in violation of D.I. Rule by
600 mil. This rule would have directly
affected Henkel loans. (refinancing of
his ADC loans.) - WB inform [Redacted]

[Redacted] of this). [Redacted] inform Wm. Proxmire
of Henkel info. WB didn't to [Redacted]

aid to Proxmire. [Redacted]
help [Redacted] in briefing [Redacted]

Referred to various Gov't Agencies.
Office of Gov't Ethics



Feb/Mar '87 except job in S.F. - Dept. Dir of
FSLIC - S.F. - Efforts to get recognition
does not move to SF July '87.

Bank Board for learning on Direct Investment
in Mar of '87 - [redacted] at meeting and
I Testify before Bank Board, I
bring out documents & arrangements
(matter of public record)

4/2/87 4 Senator meeting

[redacted] Making offer words

A. Before meeting [redacted] called
in advance to meet w/ Senator
about I. Does not recall if he
had been instructed to come
alone or # of Senator to be present.

B Remain at office until [redacted]
returns. (Briefing offer meeting routine)

[redacted] Called as [redacted] to [redacted] at office
[redacted] [redacted] [redacted]

A. Did not take notes.
1. 4 Senator (all but Neagle)

A. [redacted] [redacted] generally [redacted]
Have [redacted]

Neagle
office
setup
int. meeting.
(Recap of
FSLIC
Forbearance)
bad



Length of exam process. [redacted]
 not familiar. Glenn upset. [redacted]
 Sup le Super 3000 S & L, not [redacted]
 fact - dismissed Verdette - [redacted]
 hard to never met [redacted] - [redacted]
 her confidence in SF people.
 [redacted] was upset w/ 4 Sen. meeting.
 "guys wan't believe what they
 want". Amazed, bemused, upset.

4/2 to 9 - Scheduling phone calls. for
 D's office to say we agree to meet w
 SF people. Mechanism for making [redacted]
 and 4/9 is stated date in D's office

4/9/87 - 5 Sen. [redacted] (initial notes)
 [redacted] (initial notes)

Notes - P/D to type or on belt.
 (Sen who typed it is unrecalled)

[redacted] has original hand written notes
 requested typed version & sent a
 [redacted] of [redacted]
 [redacted] - [redacted] units. when
 Dep. Dir. of FSUC
 Forebance - not enforce re D.

Field File No. 58C 41:605 1A(3)

Serial # of Originating Document _____

OO and File No. _____

Date _____
From _____ (SF)
(Name of Contributor)

b6
b7C

(Address of Contributor)
By _____

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original material retention of _____ (SF)
11/28/87

ISIS
JMS

FHLB - alt for
office of Gen. Counsel

11/28/89

Appellate S&L
Holding Co.

b6
b7c

[Redacted]
[Redacted]
[Redacted]
[Redacted]

HQ in
WDC

[Redacted] was with a Trade
interest group ~~the~~ Assoc. of Thrift
Holding Comp. ~~and~~ ^(newly formed) ~~and~~ ^{Co w/ other Co}
Savings and Loan

During the Summer of 86 - Spring 86
MP had announced he was taking
Calif. Job, w/FHLB

1. Meetings at
office

There were member who might
need Reg. in @ ST - ACE
and they control I.

2. [Redacted] +
particip. [Redacted]

3. Number
Jobs offer.

[Redacted] was in the Press
re leaving OCC and going to
FHLB -

Did not know [Redacted] before
suggestion of ACC employment
Other meetings were at Holding
Co meetings

before
Job offer.

Numbering meetings was
General topic of S&L folding
Cos. (then dismissed job)

Next meetings were at government
Print of Foile ~~to~~ Carter w/ MP - Social

[redacted]

1. [redacted] - stated call list -

2. [redacted] - tel call re
additional meetings - these calls
not related to any topic - she
finally said don't call me
anymore.

1A. [redacted] talked in generic
terms about S & U's, but
did not hit member.

Will look for [redacted] number & add.

Field File No. 58c 475 9/605 1A(4)

Serial # of Originating Document _____

OO and File No. 1158100

Date Rec'd _____
From _____ (SF)
(Name of Contributor)

b6
b7c

(Address of Contributor)

(City and State)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Descr _____ of _____
_____ 11/28/89

ISIS
JMS

23
0

[Redacted]

11/28/89 ^{b6}
^{b7C}

[Redacted]

El Vakeo, Orinda, Ca 94563

[Redacted]

W -

[Redacted]

[Large Redacted Block]

Aug 18 89

CK bought VSL at premium because it was not being, 2/84.

1st Met Keating 12/86, and met [Redacted] GC of ACC (could frequently [Redacted] job (8/20/86) try to WDC New 200 page draft of VSL problem.

^{b6}
^{b7C}

[Redacted] - made numerous call re premium - guys taking too long etc. 110 Special charges check [Redacted] were not being fair, being processed.

the
banking
[redacted]
[redacted]
[redacted] worked for [redacted] Telecall

after [redacted] went to SF.
[redacted] MP-S&L stuff is wild - and one S&L
is "you wouldn't believe" Charlie Keating
but [redacted] No well known up here
- when Bank Board considering
thing "put away"

1st call

[redacted] says you
[redacted] "there are things you don't
know. Doing it for your
A good world can get
you
after it had been here

2 Meeting - at Bank Board meeting
early 88 [redacted] says - coming again
Summer at [redacted] [redacted] "I hear
at [redacted] [redacted] - "I hear"

3 Meeting
W/C - May 88 - had presentation of
S&L

2

Were glad NP had arrived "could work with him". Said "the team" was important, even in a...
[redacted] - as well, flowed as you
fore.

Did not take notes re later - just another note taken to Campbell.

WDC Meeting, Aug 86 -
Regularly Scheduled Meeting - to
discuss IS&L!

[redacted] (K Board)

[redacted] (K Board)
and maybe [redacted]

Scheduled meeting - before NP was hired.

[redacted] - appeared to be
for ISL.

10/86 - [redacted] - copying to learn new job - known
10/86 - [redacted] - problem of 2 important cases - America FCA
10/86 - [redacted] - (over to SF)

Was just writing.

3
12/86 Keating Meeting - 5:50 Cof.
LSC Request - Exam you concluding
(closing meeting had been held. -
in pt - no one imports. I

- man SQL showed up - [redacted] showed), and also recall meeting in 12/86 w/ Keating
1. You're was screwing him deregulated now you're re-regulating.
 2. Wanted to get along w/ regulators but are changing rules in mid stream
 3. MP - explained problems w/ request of S&L - funding not closing - but you were not there.
 4. Agreement to reschedule other meetings, closing, etc.

b6
b7c

[redacted] Meeting 4/4/87 - [redacted] Called 4/5-6/87

Confidential

1. [redacted] said [redacted] [redacted] [redacted] [redacted]
2. [redacted] discussed his meeting in detail said they wanted him to get out of direct involvement they'd would make home loans.
3. Senators (Cranston, McCain, TD, Glenn)

- 4. [redacted] said he didn't know how to call [redacted] would arrange for Senators to meet [redacted].
- 5. After meeting [redacted] - [redacted] [redacted] - because findings were confidential yet were to meet and discuss findings.
- 6. called RS - meeting - Confidential
- 7. [redacted] [redacted] original feelings of meeting that Senator proposed deal - ?

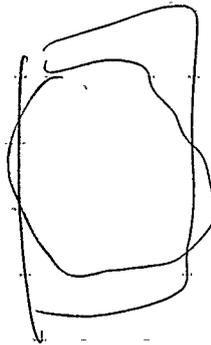
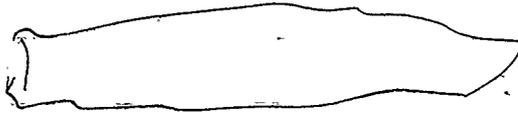
4/19 Meeting - (Pre meeting at Bank Board)

- [redacted] - taken down re file stuffing or have briefing
- 1. Did not see [redacted] re 4 Sen. M [redacted]
- 2. Wanted to be ready to explain length of exam.
- 3. R.S. prepared notes to present (including 1 road block to getting info)
- 4. No discussion re taking notes, MP took none.

5 Sen. Meeting 6 - 8 PM

[redacted] [redacted] (not meeting)

- 1. DT office (West Bldg)
- 2. Senate Vote - broke meeting
- 3. 5 Sen. + LB 4 - ~~Angie~~ Cranston



Riegel
Glenm

Cibona

De
Con



Mc
Cam

briefing memo - says he agreed w/ Carsons and views of other Senators. (1/2 hour into meeting)

DD - Hunt & chief spokesman
1. Pingle worked because he had
had a seminar

2. [redacted] offered
some room for dropping of
Direct Investment Tax re
LSL

- 3. DD had documents
 - 1. A/L letter - showed to [redacted] - "I am adversarial and extreme length"
 - 2. other docs, but does not recall what.
- 4. Probe to Congress

[redacted] notes

- 1. [redacted]
- 2. [redacted] notes - [redacted] (3 days after meeting). [redacted] mailed type memo - and MP called him say "very accurate"

after 4/19 meeting: Summer of 89
[redacted] - transfer aid. -

Senators
didn't
want answers,
want SF to
back off.

[redacted]
was taking

b6
b7c

[redacted] for other bus, ⁶

Said "is it possible that Charlie Keating and those people have done something illegal"

[redacted] (Tues & Thur)

Aug 86

[redacted] (Call -) was -
[redacted] Pres of Enor. of Thrift Holding Co. - hCP was at that Board and her purchase of Thrift Holding Co.

1. Mention a "member" who could
could use representation
"ACC". Thrift was Ignorant.

2. [redacted] Next call her - but she was uneasy because MP would be regulator and stop calling me

(Took MP place)

[redacted] - bid

expenses at the 11th taken away.

[redacted] - Seattle

[redacted] - CG

Does not call other examiners - took step to keep 11th dirt in the Dark.

[redacted] - - handcar
[redacted] went to work for

exa
La ACC

Field File No. 58C 41605 1A(5)

Serial # of Originating Document _____

OO and File No. _____

Date Received 2/1/90

From TOM Karlson
(Name of Contributor)

(Address of Contributor)

[Redacted] State) _____

B [Redacted] Special Agent) _____

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of
[Redacted] 2/1/90

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JMS

b6
b7C

[Redacted]

1/1/90

b6
b7C

2002

[Redacted]

[Redacted]

[Redacted]

Was rebuked because of accounting practices. Tussen. Up partner
When [Redacted] and [Redacted] had
an accounting system in TX (other
[Redacted])

[Redacted]

Was never any true personal
joint bus. association.

- 1. Never consulted w/ PD on personal bus. or other business - just compare
- 2. Aware of land holdings in Or. except through record books in S. Diego. No no knowledge

A. MTC -
(New's cover)

[Redacted]

[Redacted]

is responsible

[Redacted]

and

[Redacted]

and the

[Redacted]

remembred
for original

that [redacted] did for Decanina
in Phoenix. Never disburse any
bus. w DD et al re land.
Funding raising

b6
b7C

Carls 80 [redacted] leave DD and goes
to [redacted]

[redacted] that [redacted] had been
from Kurch and never disburse
any loan arrangement w/ DD

Fund Raising

1. Personally had overall responsibility
for all form spent "Start of
Arizona" initial filled by DD.

2. [redacted] Fund Raiser
information came from [redacted]
[redacted] - TK would update [redacted]
w/ D88 or by Leadership.
"Big business".

b6
b7C

3. Briefed [redacted] of
amounts: in person 2-3
times, and written report.
Carls at end of last report -
receipts & disbursements.

4. Form 3 - ever to be sent
[redacted] DD, [redacted]
[redacted] and prior to TK being



Large club for GI war veterans

FK put back for his employment.
New game to accept for
members, or other family
members

Fund raiser - given by individual
Organization - would track
1 day thru from Parkways (East of)
wanted info - because of contribution
limits.

Not aware of any Top level group
DD is affiliated with

1 ACC

2. MDC has not recall maybe
David Decarini was listed as
member

3. [Redacted] - as he became FK
[Redacted] And
there was [Redacted] as name
in LV by [Redacted]

[Redacted] - direct mail
campaign in Va.

Wanskran Majors - no families
by Democratic Party, Feb. account -
by. disc. helps candidates - and
D & S contributed
Southwestern Voter Reg. - "get
out the vote" - not families
of what it is.

all orders came from [redacted] and
other and not [redacted]. On occasion
TK would not want to do
something (TK object) and
later [redacted] would call.
expense (e. paid from campaign
account vs. Senate acct.

b6
b7c

[redacted] never talk
about direct investments.

[redacted] contributor.
[redacted] Husband is [redacted]

[redacted] Never discussed
or new news until in news
papers w/o [redacted]
or former [redacted]

[redacted] [redacted]
Member - Noe [redacted]

Field File No. 58C41605 1A(6)

Serial # of Originating Document _____

OO and File No. _____

Date From alaska _____

From _____

(or)

b6
b7C

(Address of Contributor)

By _____

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____

(Communication Enclosing Material)

Description: Original notes re interview of

2/9/90

ISIS
JMS

23

WDC

2/9/90

b6
b7c

[Redacted]
[Redacted]
[Redacted]

DOD

Wash. DC 70036

[Redacted]

[Redacted] Intern [Redacted] Assoc.
was Treasurer during

opened Aug/Sep 1985. 1st 100k
Mar 1986. were put into non-
fed account - was interest bearing
account.

3 accounts opened in name
of Volial Policy or Public Policy.
Dennis - (Dawkins) of

[Redacted]

[Redacted]

Pa. Ave WDC

1. accounts

A - CD - 100k

Second look went → B [Redacted] - Non Fed. accounts

C. [Redacted]

and Ken White

[Redacted] 2/87, same

signature.

Only signed FTC Reports for
Fed accounts. Had nothing to
do about non-Fed. accounts.

after [redacted]
[redacted]

Non Fed account; [redacted] had
outpost - [redacted] - left Sept 87
and [redacted] also left.

1. [redacted]
2. [redacted]

[redacted] - would alert White
re potential fact that he was
traveling, but not directly for
fund raising

[redacted] Moore -
[redacted] called - personal
friend, former staff member.
Summer 85 - [redacted] wanted to
hold [redacted] (over year after
[redacted] with crew from pres.
Help to reform Pres. debt.
Meeting at DC at Hart Bldg

2 Mil Pres debt
owed to
7/85
Bank in Ohio.
reform debt.

[redacted] CK,
[redacted] etc
and want to help. Does not
recall if amount mentioned.

No specific coalition et al
However - [redacted] would drop in
and visit [redacted] etc. Numerous
attempts to link contributions with
requests for favors" - applies to
Keating et al

b6
b7c

[redacted] said, Don recall [redacted]
regarding meeting asking to
present info on direct investments
to Stern (1984) - Meeting
occurred (think) - Summer - to
Faal,

When meetings occur - scheduler
is called.

1. Admin Cent or legislative
staff

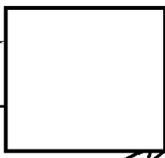
[redacted] - staff - S&L
person

Lobby - re S&L - 1985

1. Industry wide effort to surround
Annunco [redacted]
asked White [redacted]
registered lobbyist and worked
to ACC - 5000K (ACC or S&L)

2. [redacted] would meet w/ Trade

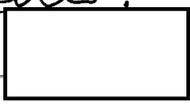
[redacted] - Former Cong. -
intro who was lobbyist
- firm rep S&L



with Home Bldg - Reg. Lobby
some Reg. was employee
(1st Floor - Records & Registration office
Rm 1036)



CK - was intern 1/75 after
sum. int. dated 1 - Univ. Conn - law
school - left or intern ^(Foster and Garol) went to work at firm.
his wife works for them at Ohio
office.



early 84 - when went w/CK

Field File No. 58C 41005-1A(7)

Serial # of Originating Document _____

OO and File No. _____

Date Received 2/23/90

From Herb Dunkwater
(Name of Contributor)

b6
b7C

(Address of Contributor)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of
Dunkwater 2/23/90

ISIS
JMS

03

2/23/90

Herb Trinkwater
Mayor, Scattsdale Co
3939 Civic Center Plaza
Scattsdale Co 85251
602-994-2933 (H-948-2907)

Recalls receiving \$ in 80 & 81,
but was returned. H.D. never
spoken w/CT about contribution of
D(CK) never asked for any more.
Only met Keating 2-3 times at
social events.

H.D. recalled talking w/CT
at 1 function where CT said
"you never asked for anything, never
had". This situation occurred to
someone at Indian Bend Rd &
Thompson and 11000 N. Scattsdale
Road.

H.D. recalled saying CT
saying "you're the only one
that never took any \$" just
H.D. said these words were his,
not CT, but CT said something
that had the same meaning.

Jim Bruner ran w/H.D.
and funded campaign finances
and he would read amounts
off CT sent. and later and
how contribution arose. H.D.
948-6933 Car 228-6487

Field File No. _____

Serial # of Originating Document _____

OO and File No. 58C-PK-41605-1A(8)

Date Received 3-13-90

From _____
(Name of Contributor)

(Address of Contributor)

By SA
(Name of Special Agent)

b6
b7C

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

ISIS
JMS

(8)

3-13-90

Dist 3/13/90 side A-B

[Redacted]

July 87 answer - SF

DOB - [Redacted]

SSN - [Redacted]

b6
b7C

1 B
memo to use
for scope
done prior to exam

3-13-86 Exam - a Full scope exam -

1A - 1st major exam of USL after the ACC acquired them

1C - Did not include exam of the holding co.

- 2E* @ this time examiners reported to different persons than the previous personnel

[Redacted]
[Redacted]
[Redacted]

3A * Immediately disclosed as a problem - became a focus of exam

to p2 ① Major underwriting issues - loans and direct invest.

② Real estate transactions - concentration in Phf, Tucson

← [Redacted] - house appraiser for FHCB in 6-86 said this was potentially a disaster in the making -

EXAM TEAM

2

A

Examiners

Exam-in-Charge (EIC) on a given exam

Field Mgr. - has several going @ one - mostly super.

Supv. Agent - transmits the report

- has analysts who review the #'s

2C An EIC was placed at both locations - Irvine, CA and Phf as records were in both places

2B [redacted] SF used as Exam
[redacted] at all
P people.

[redacted] - [redacted] - ultimately hired
[redacted] ACC - Irvine, Phf. (added)

b6
b7C

3D Series of memos re: exam problems.

2D [redacted] - Supv. Agent [redacted]

Memo from [redacted] to LSL's outside counsel - [redacted] and Kay & Scholer address the exam procedure & process

*2 Memo from [redacted] re: request for [redacted] addressing what SF was doing at LSL - allegation too long - [redacted] regards why exam is so long.

to p. 3

4A LSL/ACC's position - exam found nothing, but [redacted] sent them back in to find something - this arose due to cancellation of the exam after conference - was delayed due to re-appraisal, just bad reviews - both of which were very time consuming.

3B The amount of the violation of [redacted] by LSL's direct invest. was greater than the entire direct invest of any other SLL - when the examiners looked at this, they found a very complex problem - due to

- Consolidation - subs direct invest as inclusive or exclusive of the assoc.
- grandfather issue
- compounded by "forging" documentation

3C All very time consuming.
 - No expansion of the scope, but applied additional procedures and tests as ~~is~~ called for in the circumstances.

TOP 2

b6
b7c

3E*³ 12-10-86 - memo from [redacted] to LSC - follow-up to meeting addressing #6 etan prelim report - find losses, viol of direct invest req., which also affected net worth requirements causing you to fail capital req., therefore, no dividends to ACC

4D* SF lines Pillsbury [redacted] outside counsel [redacted] - no w/ Ben. Reigh's stop.
 DZ:vi

5B
IN 1986

I C. 3. ⁵¹³⁰⁴ ~~Exam~~ Objectives & Procedure Manual, (EOP)
- has been replaced by new procedure -
but EOP has been mothballed nationwide
even prior to '86.

5C* - Scope Plans was done prior to each exam,
EIC's and Field Mgrs may have varied
in required doc. & support but there
was a standard as set by EOP -
Less standardization at that time
than now, ~~as~~ but now the emphasis
is to get in & out.

5A
Remember '86 this was the time of the Thrift crisis.

4. Exam interval approx every 1 1/2 - 2 years,
depending upon the condition of the instit -
- much higher now.
- Typically a full scope exam each
time

I C. 5.6A EIC's
Write up series of interim reports as
findings are made - in order to notify mgmt
of a problem - Also apply add resources
to problem areas - bring in outside resources -
- outside appraisers, joint bond reviews,

6D real estate
W.D.C. - [redacted] - loss [redacted] WDC notified
and brought in on major problems requiring Wash. action
- Enforcement, Conservatorship / receivership.

I.C 5 ^{6C*} A lot of outside resources were applied to the LSC 86 plan - additional EIC [redacted] ~~assessments~~ ^{assessments}, joint ^{b6} ~~work~~ ^{b7C} reviews [redacted] - all professional people w/ specific expertise. *Wash. was kept informed all along in this plan [redacted]

I.D.

7F 2. Issues in report
E.I.C determines, but SF was absolutely expecting litigation - so [redacted] of

7D ^{Oct-Dec '86} Pillsbury assisted in prep. Study of Super. Concerns (200 pages)
 setting forth concerns and gravity of situation
 following series of drafts

7a approx. July '86 SF briefs Board special in W.D.C. -
 [redacted] brief key persons
 w/ [redacted] -
 message - "a huge problem" big, big, big;

7b [redacted] FHCB - SF @ the time
 asked [redacted] if FHCB ~~would~~ would suggest a
 conservatorship for an institution that was not
 insolvent, ^{or} ^{SAT} [redacted] ^{address issue} said "yes"

7c - at this time, FHCB had institutions in conservatorship that were not RAP insolvent as per Loch @ '84 - was not unheard of, just not that common but was the way things were moving

I. D. 2-3. 2E Series of Drafts Oct - Dec. 86
for Stat. of Supv. Concurs -

* * Part of the delay was the approval process.

* * wash. [redacted] were critical of the time

b6
b7c

771 it took to get the report/recommendation
+ P7 submitted so that they could act upon
this huge problem. Felt SF was not
being aggressive enough.

* 76 [redacted] Pillsbury
[redacted] analyst wrote
the report.

4. [redacted] discussed w/ [redacted] litigation in
basis of safety/soundness issue.

* * 8c The recommendation for conservator/receiver
is the "key document" in taking action
against an institution. This is the document
[redacted] which the case is won or lost upon.
The seriousness of this was indicated by hiring
Pillsbury Madison to assist in preparing this
recommendation.

becomes a legal
document -
heart of the
admin record

I D. *
 put alert of
 SLC's into
 and had effort
 SLC's as well.
 conservatorship (recommen
 or large
 SF

was experienced in this area too.
 It had put large SLC's into conservatorships
 before - never lost on a recommendation -
 track record was extremely good in this
 area - The best in the FTLBB system.

8a In response to the report of LSC,
 LSC's outside counsel [redacted] b6
 answered over 200 pages of rebuttal N 8b7C
 w/ exhibits, [redacted] had the reputation,
 as one of the toughest litigation firms in
 the country.

8b SF knew that LSC would litigate the issues.
 therefore their report and recommendation
 HAD to be ~~above~~ ~~critically~~ perfect.
 for enforcement
 action

Report preceded LSC response - Recommendation
 followed LSC rebuttal

- 99#
- To place a state chartered institute into conservatorship.
- ① Insolvency - not applicable
 - ② Unsafe & unsound ~~practices~~ conditions
 - ③ * Substantial dissolution of assets due to unsafe or
 unsound practices or violation of law.

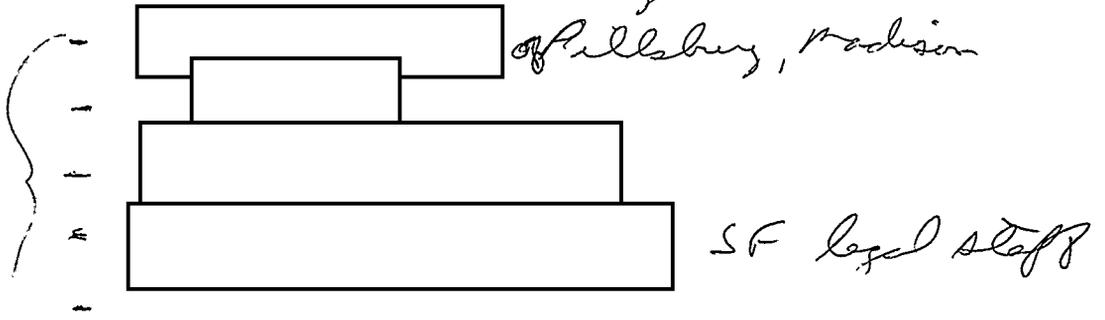
* intended to proceed under this issue where the
 Phoenixian Resort was concerned - sale of 4590

I. E.

Recommendations written by [redacted] of Pillsbury, Madison

b6
b7C

9b
9c all done in SF district



a Legal Document - heart of the admin. record.

9d Conservatorship / Receivership must be ~~initiated~~ ^{done} by Wash. D.C.

by [redacted] - [redacted]
FSLIC - Off of Gen Counsel
Litigation if challenge expected

9a Determined [redacted] [redacted] needed.



upon review of '86 star findings

9e C&D's must be done by W.D.C. by Enforcement
- a Consent C&D was out w/ LSC

9f #
** SF district can only issue directives - not enforceable by law.
w.p. n
- No dividend to ACC
- Income of reversal on specific trans. as mentioned in report

II b B. B quite good - [redacted]
only criticism was "do it quicker"

10 a B/A. Amenity on the part of LSL - SF
people never felt the other way.
- Litigious nature of LSC and tactical
by LSC to stall problems. [redacted] of
[redacted] is a nasty guy.

CC. SF has been critical of OE, but
so has Dallas, ^{Dist} Atlanta, ^{Dist} SEC
all had major problems w/ RMS and
OE

[redacted] (ph) came to OE for SEC,
where he worked on the ACC/LSL invest -
said publicly Keating got a "raw deal."

H. Saratoga S&K = small instit - SF
recommended an enforcement action - but SSL
showed 10% capital of accounting genuinely similar
to LSL. This inst. has failed for the reasons
SF noted + were disagreement of Wash Supv.
{ Westwood S&K - [redacted] applied political pressure
to slow FSLK funding deal + [redacted] more going of assets removed
American S & J - SF had warned FHCB
for years ASL would fail. [redacted] deal was
universely risky per SF. Wash, D.C. blocked
action recommended by SF.

d*
LAP has been the
ONLY instit removed
from SF jurisdiction

II F. 11A

[redacted] ^{later} retract congressional test. re: leaks by [redacted]

Wall [redacted] article re: Herhel loans
RMS made it ~~like~~ ^{appear} like [redacted] released the info,
but USS got the info from recorder ~~re: of~~

11B *

leads re: the loans.

G. ^{later} retract this stuff too

III 12A

Between 84-86 no orders issued, but denied requests of Jan 85 to exceed direct invest. threshold - denied by SF twice.

- B did ~~could~~ have issued non-enforceable directive - did
- C - keep Wash informed - done
- D - get ~~more~~ facts - done

13

- B. Those were the 3 biggest problems id'd - even OKLOS agreed that the report was well documented. Later said there was basis for a C&D. ~~She~~ ^{she} killed the '87 field visit, which would have provided addl data.
- C. SF did establish basis on direct invest viol, underwriting violation of regs. and Loan concentration violation of regs. Also - OE hired Pillsbury @ this time to work on the case.

III D. [redacted] was there, focus was on continued flow of info for other persons.

IV 1A. LSL unwilling to change by on their own
- Did issue directives - SF made crim. referral, - file stuff - back ddi
Dzivi

1B B. SF disclosed file stuff - [redacted]
LSC personnel admitted the file stuff, -

1C Beliefs Backdating discovered by the panel - Records admitted
40%? signatures forged for document

* -> SF made 2 crim referrals, 2 SEC referrals, an IRS referral. - plus Enforc.
SF considered this a major Red Flood, made

/ E. [redacted] not there
SF believed grounds existed as they wouldn't do it
Pillsbury [redacted] recommends
[redacted] memo, contradicts this as he recommends reviewship

- In 5-'87 could not do a reviewship for state chartered S&C - until Aug '87 when Barr-St. Bernard provisions were reinstated.

Technical glitch
but could do
concurrent

IV

F

LSC advised

Aug. 31, 87 - LSC to start in Sept. '87

12

LSC has filed their 700 page response by now. They made points in their response.

- ① - It was agreed that these issues should be reviewed
- ② - Mr. Bennett had been retained - said some major acctg. problems there - tax-sharing - etc.
 - There were written documents showing what was to be looked at. Promised to do the ~~open~~ ^{limited scope} field visit in 2 weeks. - Told LSC how limited it would be - but Hedden Valley transaction was to be reviewed - big problem.

LSC goes to DC, meet w/ [redacted] and [redacted] Wall's asst. - going to one of open takes place - why is it happening / needed.

b6
b7C

SF ~~w~~ ordered not to do ~~open~~ field visit w/ll came down for [redacted]

[redacted] all 87, Wash Supv. confirms weaknesses of assets - after they did a "index review" of the '86 plan findings. This led to a 10-87 meeting that lent support to SF's findings - SF was asked to let a period of time lapse - until Jan '88 before they went back for further exam -

Appointments not wanted re-mounted.

Oct-Nov 87 - Things were getting stale. * - Sent down w/ SF at this time and came up w/ C&D to be presented as a consent C&D. strict

Nov '87

Washington came to the conclusion:

- ① Right on the facts
- ② Removing SF's jurisdiction was wrong.
- ③ SF was found not to have been abusive to LSL
- ④ LSL mgmt has been engaged in deceit

5-20-88

But in the Mon w/ LSL, they took away SF's jurisdiction.

In Oct Nov '87 LSL presented a Draft Mon to the FHCB

①

AB → Due for new exam

105-20-88

MOU - ^{alleged for a new 88 exam} resolved contested issues as it stated none of SF's 86 exam findings, could be used to support action against LSL

LE
This Engineering
gave LSL all the
advan tags as far as
enforceable - because LLO
would still need to enforce
a violation of it
Only allowed for the 1988
exam, which was a statutory
right anyway!

MOU - Supv. Agree. viol.

- 1. Bad underwriting - LSL just had to come up w/ an underwriting policy.
- 2. Direct invest viol - ruling requires that they stop making illegal direct invest. but also allowed them to make new, illegal direct invest on current projects

ID

3 } zero restrictions on junk bonds, no related netting

FHCB would have been better off if the agreement had never been made, as it subjected the assoc. to additional losses. in junk bonds, direct invest, bad loan underwrit.

~~9/8~~
VI

1988 epan

2C - The inclusion of the holding co was not part of the epan's orig. scope.

Scope difference of 88 epan

* 2A

SF drew up a "suggested scope memo" setting forth areas of concern which should be addressed by the 1988 ^{Thermon, Wash.} 2D tax sharing, holding co., etc. was not included in the original scope.

2D They did not do this - and the Mon-Augw. Agreement did not allow for epan of the holding co.

2E - The epaners were also prohibited from reviewing the '86 epan findings prior to the epan - as is usual procedure going into an epan -

2F - reason was the Mon-SA ~~suggestion~~ prevented use of '86 findings for action.

3A

Scope was restricted on the '88 epan due to this "no rehash" agreement in Mon-SA

3A Epaners on 88 epan said they had been given very unusual, limiting instructions [redacted] b6 b7C purportedly the person giving the limiting instructions. [redacted] was from Seattle, as was [redacted] ORPOS select all the EIC's -

VI

3B [redacted] Pittsburgh, to review real estate trans - did no reappraisals on R/E. When state [redacted] [redacted] went to [redacted] for \$ to conduct the reappraisals - [redacted] refused.

3D [redacted] - Exam for Cal Dept of S&L stated that after the fed. exam were nearly completed w/ their field work had ID'd only \$5-10 mil in losses, on the 88 exam

3 [redacted] stated in text that [redacted] was incompetent

[redacted] extremely ambitious an amoral.

[redacted] were purportedly under alot of pressure due to their position under [redacted]

3E The Cal. Dept of S&L found more losses and problems w/ examiners than all the fed [redacted] combined

3F [redacted] those who reported up through [redacted] did not come up w/ much. However Chicago FHLS did the ACC [redacted] w. and came up w/ blistering details on tax sharing (\$14 mil) - [redacted] even →

tried to get RAS @ ERC to take action to
 recover the \$4 mil - but she said no
 as ACC had the money - ACC declared bankrupt
 and now OTS is an unsecured creditor w/ no
 chance of getting the \$ back. Enforcement
 was afraid of violating the man by
 taking action - Therefore no Enforcement
 action was taken - directives were issued
 but LSC did not pay attention - no
 investigation conducted

Atlanta
 Chicago
 Cal D & I

} examiner who felt it was
 a white wash - testified

b6
 b7C



→ kept notes on this exam - was particularly disgusted

Field File No. _____

Serial # of Originating Document _____

OO and File No. 58C-PX-41605-1A(9)

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b6
b7c

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(9)

3-14-90

Dist 3/14/90 b6 b7C

[Redacted]

[Redacted]

[Redacted]

DOB -

[Redacted]

formerly
SSN -

[Redacted]

In 86' - 2 separate
Civics

Epanisthi →

← Decewasi

[Redacted]

[Redacted]

[Redacted]

[Redacted]

in L.A. area.

now-retired
to Palmdale
LA area -

*

[Redacted]

[Redacted]

but

is to

but assigned as ~~one~~ to this
job due to problem.

ENC

[Redacted]

[Redacted]

to USC for while.

ENC

[Redacted]

P.L.

in La Palms

[Redacted]

1A } Egan began March '86 ^{full scope}
[redacted] ^{typical 2 yr}
became Assoc. in April '86 ^{cycle}

b6
b7C

1B In ~~July~~ April - June '86, [redacted]
[redacted] go to LA to look at work
papers - became evident there were problems.

b6
b7C

1C - Egan had scheduled a closing meeting for July 5, '86,
but looked as if it was no where near closing
this plan - as conveyed to mgmt this would
be an interim meeting address findings to date.

1D - Keating @ meet, got a prop. box re. [redacted]
screwed up industry.

1E - Keating controlled meeting - rolled over [redacted] Egan
did not get a chance to address issue - [redacted]
said the meet was not conducive to address
the findings, so meet would be terminated for now, conclude
the plan, then address findings

IF SF made it clear this was not the closing meet.

16* Keating made vague threat [redacted] could be subject
to litigation - attached [redacted] experience

2C* LBL had equity sec. and joint bonds - Egan did not
have expertise in that area so had to go outside.

joint bonds

[redacted] In of L.A.
[redacted] - USC profess - look @ methodology of
invest. Pillsbury

Rentier

Full scope loan - 2 year cycle -
full scope typical.

2A - Personnel used on loan work programs
to perform loan tasks. standardized.

2B* - Became difficult when addressing new
issues - equity securities

to p.2
50 outside resource used - junk bonds - new - no std. prog.
- direct invest - Ban-St. Ben.

- when reviewing w/paper - [redacted]
assisted [redacted] in determining problem areas.

b6
b7C

2A 1985 - FHLBB implemented ^{new} asset classification
guidelines dealing w/ ~~all asset~~ loans
and direct invest.

7A A Tried to get loan done after July 5. 8's met.
- LSC wanted counsel to review everything

Operating in unsafe/unsound conditions
- how they were doing it -
Lenders poor underwriting
Equity securities
Junk bonds
Direct investments

30 Wash DC
OE provided some aid in getting info from
ZSL to efam. in July '86 when they met w/ LSC & counsel

3c * Closed field w/ in Oct '86 - felt even had
obtained what they could.

4a Oct '86
SF → WDC - Communication w/ [redacted] b6
[redacted] - [redacted] b7C
trying to get info to the ad dept
- Start of Sup. Concern -
[redacted] edited - written by [redacted]
[redacted] & [redacted]
[redacted]

Pillsbury had helped ^{over} SF on a number over 10 conservation
actions

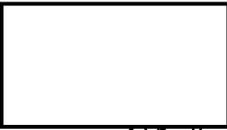
4b Oct Nov '86 [redacted] had concerns w/ LSC
was being operated - wanted SF to issue
directive letter re: unsafe/unsound
SF felt it would be better to complete for of
document to suggest recommended action.
(expected litigation, so SF wanted to get
all their ducks in a row) wanted
to get it right - thus Pillsbury ^{needed}
make sure they had all the supporting
doc. needed - Pillsbury assisted in directing
* But - realized they weren't going

Verdette issue - grey area to



b6
b7c

U^U * SF had to respond to  in late 80s
why plan was taking so long - 
responded by memo.

 dealt w/ LSC through end of '87, never
had anyone @ LSC say to him LSC believed
SF ~~to~~ was overly-aggressive or prejudiced
when LSC was concerned.

- SF actually handled LSC with "kid-gloves"
as litigation was always anticipated so SF
had to make sure they got it right..

- Primary reason for lengthiness of span was LSC road blocking flow of info. - getting outside resource info. - even allowed LSC - rebuttal to and reviewed reserves for loss until rebuttal were addressed. 5

44

to get everything they wanted/needed due to road-blocks thrown up by

LSC legal counsel, - But [redacted] pushed for directives letter

Also Also - real estate appraisal, joint bond equity sec. analysis, real estate analysis. [redacted]

b6
b7C

5B

late Nov. early Dec. - SF was to have a final closing meet w/ LSC, LSC only sent [redacted] (one person) to the meet. SF was rough findings - [redacted] said nothing - 2 weeks later LSC came back & said LSC did not get a chance to bring in all their mgmt people. So another meet was set for Jan '87

5A - LSC was receiving memo's and notification of findings all throughout the span. ~~add~~ addressing issue which mgmt could respond to.

5C - Late Jan '87 final closing present all issues - LSC mgmt team there + counsel from [redacted] - as SF asked LSC for response to asset classification

6.

3-13-86 to

6a Egan report - prepared #20-87
- field work concluded 10-16-86.

6
[redacted] re
for report
assisted

[redacted]

written by EIC's w/ help from
examiners, consultants - [redacted]

b6
b7c

not much editing
done at this point

6c - reviewed by field mgr. - [redacted]
6d - then to SF dist office for analyst
[redacted] & [redacted] to
review in final draft format -

6e Fm - [redacted] reviews all workpapers &
report - decides what needs to be bolstered
and addressed in greater detail - etc.
- find pay or what is a major issue
and how it is addressed.

7a Recommendations - written & sent to DC
on 5-1-87

7b All recommendation initiated w/
[redacted] and his assist ~~over~~ during Egan
review, etc.

7d
Recommended
conservatorship
w/ back up of
C&D order.

7c Recommendation is discussed w/
[redacted]
[redacted] [redacted] [redacted] [redacted]
all of them must approve the recommend
& sign off on the doc. before it goes to
WDC.

7e
- written by - [redacted] staff.
[redacted] Pillsbury

was ever questioned
before & SF had
done alot on
them.

7f [redacted] believes this was one of the best pieces of work he's seen

8A Reconns

8A Off to D.C. - ^{they} knew it was coming -
Sent in May 1, '87 - had conversation
regularly on the issues ^{reconnect}
familiar w/ all issues

8B - Org structure of WDC had changed twice
in less than a year.

7-31-87 - [redacted] ^{read of} ORPOS under [redacted]
[redacted] had of new ORA - replacing ORPOS
under [redacted]

b6
b7C

8C [redacted] believed

8C This impacted how quickly people acted -
[redacted] did not want to deal w/ USC in his last
months of office - also, there was not a
quorum on the FH+BB to ^{write} vote on the issue
as only 2 on the board - could have acted
possibly - but ~~Board~~ Board did not want
to address this in the waning days of [redacted]

remnant
the time

WDC knew reconns coming - familiar w/ all
issue - no surprise.
- dealing w/ [redacted] - possibly [redacted]

8d [redacted] was no action would be taken in [redacted]
waning days

8e - Traditionally, WDC Enforcement "takes a long
time, all the time"

9a - Then [redacted] replaces [redacted] 7-31-87
- he was to =>

9a to review the recommendations before
action taken - ask [redacted] b6 b7c

10p.9 to review the 86 Egan report & LSC's
response - they ~~disagree~~ ^{conclude their review} agree w/
90-95% of the recommendations

8e [redacted] wrote a memo dated 7-23-87
supporting conservatorship as SF recommended -
[redacted] did not know about the memo - never
seen it - didn't know what became of it.
Sanchez never conversed w/ [redacted] re: recommendations

10A - SF could have issued a director's letter -
not enforceable - addressing issues - did not
feel this would be productive, so prepared for
conservatorship / C & O.
- did set for directors in Egan report addressing
appraisal, ^{reserves,} income adjustments - ~~not~~
enforceability is not strong - but might want
usually respond to it

10b*
TOP. Could have tried to cut down & hammer out a
10 Super. Agreement, but did not feel this would be
productive - as they rejected a proposed meet w/
SF district and the LSC Board of Directors

9b SF felt that WDC would not place an assoc. into conserv. when they met ^{not insolvent.} RAP Capital require (?) questionable due to proposed reserves, financing beset loss. - but insolvency was usually a criteria - therefore SF proposed a C&D as an alternative.

9d* There had always been disagreement w/WDC concerning what is required to support Conservatorship, C&D, etc. - This was not a problem unique to NJ district - other districts ^{experienced} experienced the same problems

9c WDC never came back to SF and said they needed add'l info in a given area to satisfy criteria for conservatorship.

12 ~~12~~ In Nov Dec '87 - an OE atty came at to work on a C&D order. - was drafted, but the [redacted] came in as LSC pres., and action was postponed by both SF & WDC to see what he could do - if [redacted] was in - were amenable to a possible Supers. Agreement in stead of C&D. Realized this was a case when [redacted] left.

b6
b7c

11

Sept '87 field visit was planned to LSC -
limited scope field visit - sent letter to
LSC setting forth what was to be reviewed -
verify rebuttal responses to [redacted]

- Was told [redacted] the
visit was not to occur,

= ~~the~~ Believes [redacted] notified SF not to proceed

b6
b7C

IV E May 87 meet - does not recall the meet.

~~IV E~~

13

Wash DC made the decision re: enforcement,
SF made the recommendation, but WDC
had to act upon it.

Although WDC ([redacted]) agreed

per SF jurisdiction

SF's 86 exam findings - SF was still involved
a C&D would take a long time -

- ERC came up w/ 3 options to address
LSC - picked the one where
SF jurisdiction removed,
grounds came from MOU drafted by LSC.

1988 exam - [redacted] had no contact w/ ERC on the
job - no contact w/ new examiner - they did not even review
SF was completely cut out of the loop. 86 exam work prep.



- last dealing w/ LSL in May 2008
when SF period ended.

b6
b7c

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3-14-90

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[Redacted]

1A [Redacted] -
started on LSC 3-1-87.

DOB - [Redacted] SSN - [Redacted]

Assigned to LSC
- was her only case

1B 3-1-87, @ Supv Analyst [Redacted]
[Redacted] under [Redacted]

1D Month in monitoring - review of their I trust
fin report, SEC filings, jail bond report,
internal report - day-day contact w/ legal
staff - accounts 3/gram

1E - reviewed to advise [Redacted] of
wash of other findings -
- M & S did have contact w/ Wash
Supv - [Redacted]

1F - would receive info from [Redacted]
Col S & I upon and disseminate it Wash DC
in order to keep WDC abreast of the
issue so that timely enforce action
could be pursued.

1G* [Redacted] was very receptive of info
as he knew SF's desire to seek counsel/
recor. w/ C&D bochs - SF had
conveyed their desire - [Redacted] was supporting

00-87
new

of SF's position and ~~to~~ even stated so at on various occasions - even before congress testimony

2A

Updated recommend for coursew/receiv/
C&D was being drafted ^{by} the assist
of Pillsb/mod. to insure sufficient
legal justif & ^{current} evid was present in order
to take enforce action

b6
b7C

2B - were specifically following Rosemary
Alton's ~~testimony~~ ^{testimony} as conveyed to MG
by [redacted] re: suff legal just
to support unsafe/unsound practice basis.

2C

[redacted] told ~~MG~~ MG of RMS's concerns
re: evidence - general in nature - never specific

2D

[redacted] was also in continual contact w/
[redacted] Pills
re: the case

3A

SF sent voluminous info re: all aspects of
concerns so that WDC had suff info to
pursue whatever avenue they desired in seeking
enforcement - SF always sent new data
to keep them up to ^{abreast} speed - ~~but~~ ^{but} did not ~~only~~
always get feedback of from WDC.

SF felt WDC was always given timely info
& kept abreast.

4A On 5-87 - Recommended to Wash-
for consens./review / C&D. -
SF was "a pin & needles" re: LSL as
they believed LSL would collapse.
Did not understand WDC's hesitancy.

WAC's
opinion
that
for
a
[redacted]
[redacted]
[redacted]

4FK
[redacted] & FHLCBB took action w/o LSL's rebuttal
to the above findings, they ~~would~~ could end
up in court w/o the benefit of LSL's position
and ~~was~~ ^{defense} rebuttal on the issues.

b6
b7c

5C
Remained in close contact w/ [redacted]
about what LSL's status was. - they were afraid
of the consequences - they supported SF's
position & conveyed their support to [redacted] Office.

7-23-87

5D GW was not aware of the [redacted] memo until
1989. [redacted] sent SF a copy -
- Not aware of the doc. - no discussion re:
ORPOS recommend to FHLCBB for consens.,

5E*

- Does recall [redacted] mentioning ^{the need} ~~possible~~
~~for~~ for a briefing of the FHLCBB on LSL and
possibly scheduled but later postponed until
LSL response to report + [redacted]
review of 86 report.

6A [redacted] alleg initiated around Xmas '86
on part of SF. SF recommend that a
counselor be appointed for LSL was alleg. leaked
to Wall St. Journal.

6B* - adversarial relation began in '86.

7A
7-21-87

[redacted] came in, sees adversarial situat, lack
of a fore. activ by OE as they feel data is
stable, doesn't know SF, so he attempt
to take a middle ground.

7b Doctor asked [redacted] and
[redacted] to do independ analysis
of '86 edr report & findings + ^{LSL's} response
and report to him their opinion determined
independently of each other.

10-7-87
[redacted]

SF prepared a written response &
go to WDC - MG was on this trip
[redacted] did the same - ^{someone from}
the indep reports were presented ^{LSF got a}
independently to [redacted] ^{copy of O'conn}
^{report}

SF thought they would come back w/ the
situation resolved.

7E Lengthly discussion occurred re: findings
& rebuttal -

7E - [redacted] expresses his concerns about alot of
things - but implied that SF was not objective.

later out

7P*

Also [redacted] has the "secret file,"

8a [redacted] not eluded to the media leaks

2-3 weeks
after work
10-21-87

[redacted] in a conference call w/ [redacted] to advise SF would be doing additional, limited plan soon. [redacted] said LSC had already met w/ Wash. DC, and thought the situation had been resolved and on the road to putting together an agreement of some kind. [redacted] also said SF would need a court order to get into LSC for another plan.

re: to 10-21-87 meet

8b [redacted] were "floored."

Oct 87 Wash DC meet

body per 7N 10-8 all took notes & compiled a meeting minutes memo in depositors

7G [redacted] implies certain areas of SF analysis w/ holes in it. - not very objectively done to adversarial -

- Somebody from SF got a copy of [redacted] report -

7H Phoenix Hotel issues tied up the whole meet and seemed to stand in the way of a decision - huge discrepancy between SF's appraisal & LSC's appraisal. The discrepancy would have rendered LSC insolvent.

7i SF said - we w/o the Phoenix Hotel,
LSC was still insolvent

7k* [redacted] said if LSC is not insolvent,
new, they will be in 5 years.

b6
b7C

7j - when all told, [redacted] & [redacted] were
very close to SF on their findings
as recanted to [redacted]

7l [redacted] said during the meeting -
LSC is without a doubt a problem
instat requiring corrective action -
something needed to be done.

7m* [redacted] left the meeting at some point
to [redacted] and never returned - issue was left
unresolved

7n MG felt [redacted] were still on line w/
SF's position until meet in SF w/ [redacted]

[redacted] to draft the
[redacted] There was a big battle between
[redacted] re: what should be included
in the C&D. (watering it down). [redacted]

non the next,
[redacted] were quiet at this meet

7o* This issue stops C&D process.

2b cannot figure out
where Hank was
coming from - but
potentially at that
time he was working in
@ the time

MG believes
July 22
11a

SF began losing control [redacted] asked [redacted] & SF
to prepare indep. analysis for his review re: LSC ad -
no action or recommend

10a

IV E

5-87 meet re: '86 stan -

MG ~~was~~ not @ this
meet.

This ~~can~~ not be accurate - Patricia would have
never backed down on the basis SF
~~had~~ insuff support -

10¹⁰* SF believed they had more than
adequate just - even solely a
top⁷ grandfather issue - backdating,
file stuffing - direct invest -
unsafe insured profit.

**
20
top⁶

After 10-87 meet do a follow up letter
to [redacted] re: understanding of meet -
MG ~~was~~ assisted [redacted] & [redacted] in preparing
the letter - [redacted] if add'l info is
needed - let's get it & move forward -
attach a scope memo setting forth what
they would get if SF went back in.

b6
b7c

- No response. ~~best~~

but ultimately [redacted]
come out to draft C & D - then [redacted] issued

11b

SF thinks they're doing new stan but
[redacted] said that to rest in the Nov. '85 phone
call.

12C 40 p10

No dialogue between WDC & SF in early 88 - SF was concerned about their legal liability assoc. w/ LSL,

11c [redacted] & MG had conv. w/ al. said the LSC plan is off - [redacted] comes in, but SF did not believe for a minute he could control the inst. within 3 weeks of meet,

b6
b7C

11d* [redacted] submitted a business plan to SF, but also submitted a MOU which SF found inadequate - not restrictive enough.

Basically [redacted] were one of the same.

12a In Nov '87, when [redacted] came to SF to do C&D, he already had a MOU submitted by LSC. - But - SF did not find out about this MOU until about a month later

12b after Oct 87 meet of SF w/ WDC. later rec'd meeting minutes

SF learned about the LSC meeting w/ [redacted] after their ~~the~~ Oct. [redacted] around ~~the~~ 87 where LSC said SF had redacted, & was incompetent, LSC was a great, well run institution run by atly. & acct. - I either discussed or submitted a MOU - refused to negotiate w/ SF

OGC

12e [redacted] '88 - believes SF was removed as Agent.

Feb-march 88

12d

SF was informed by WDC that a man was being negotiated w/ LSC,

to p. 9

[redacted] sends E-mail message asking [redacted] for info re: condition of the negot agreement - they never responded until after the formal agreement was signed

b6
b7C

12f

SF was not consulted at all re: the contents of credit of the agreement.

12e 5-20-88

When the agreement was signed - SF was finally removed

12g*

[redacted]

^{very} tried to find out from [redacted] what was going on

[redacted]

what

13

Jan Feb 1988

MB ~~had~~ rec'd any pressure to [redacted]

[redacted]

Part of a conf. call w/ [redacted] was trying to give SF an idea of what was happening at that level - He was also getting info re: LSC

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11

Dev 3/21/90

3/20/90

b6
b7c

[Redacted]
 DOB - [Redacted]
 SSN - [Redacted]

FHCB - 1974 - left ^{may 1987} 1987 back in
 April 1988 - to practice law

I. IA [Redacted] director of [Redacted] came down to
 [Redacted] in July '86 and told RK he
 was taking over LSC of [Redacted] "Clear your desk"
 RK asked to coordinate the entire effort of LSC

IB atty for FHCB - Pillsbury, Madson, & Suto,
 were ^{already} reviewing work papers

IC RK had to decide what still needed to be
 done on the scope.

IF - send people to Phx to look @ the Holdings co
 to get a hold on direct investment
 IG EIC [Redacted] was chosen to
 lead up the Phx portion of the [Redacted]

ID [Redacted] - but by 7-86 ^{was busy} the
 "most of portfolio was in Phx"

IX Still just looking ^{not ACC,} LSC' but the records were
 in possession of ACC in Phx.

IB By 7-86, Stan had gone through quite
 a few of the assets - ID'd some for
 re-classification - re-appraisals had been
 ordered in some cases.

IC addl questions had already arisen from
 their findings

2

6F*
 Late 84, early 85, direct invest regul. had
 come out. - Limiting amount of direct invest.
 LSC was given all benefit of the doubt re:
 "grandfathering" issue, and were still about
 \$600 mil. over. Wanted to develop this
 violation.

2A This was a routine, scheduled, - Full George
 Egan. - then as the span develops - it
 becomes "Risk Based" - go where other is needed.

2B - Bob Dave - original field mgr.

2C Field Mgr. - coordinates, manages the
 span. When & what needs to
 be done - get crew together, get
 it started & finished. Trouble-shoot
 - Logistics is the a key.

2D EIC - Egan in Charge.

Crew of span - based on award.

Everybody was pretty much assigned. By
 Bob Dave when KK came on. Quite a
 bit was already done.

2E* - Only add manpower was to
 have [redacted] of a few other people
 for [redacted] to [redacted]

b6
 b7c

3^a) The examiners looked at ^{Risk} risk assets, reviewed files, put together their workpaper files to support their findings of procedural / regulatory violations.

3^b) Outside counsel was already retained by SF when RK came on - not one who is SF retained.

3^c) Outside counsel reviewed the WP's for sufficiency - created a list of questions for their WP review, believe they then met w/ the examiners, who then went back on-site to get the answers.

Outside counsel expanded this list a couple of times - about 50 pages of questions back to exam - the examiners answered the questions to the best of the data avail - we see some questions deemed unnecessary. by RK &

b6
b7c

3^d) Outside counsel was used to "be prepared" because of the sensitivity of the exam because the way things were progressing - i.e. recommendation of enforcement action (Supv. agreement, C&D, Conser.)

3^e) Sensitivity issue - Keating was known as being influential, antagonistic - litigious also - joint bonds, + direct invest - ^{out of state} where ^{most} (A&E) a new field for S&L's
no exam procedures existed for joint bonds, a high risk nature of their operations

- 7^k At Risk assets is the ^{primary} basis for deviation from our exam to the next - therefore the exam focused on these risk areas of the instit - was not harassment just principles for exam

4

LSS held this up when they told RK in July/Aug '86 - ~~it~~ you must go through them for info - - fought this to a resolution wherein a decision was established

D. 5th in 86.

On-site Egan was completed end of '86.]

5^D Report was completed in April '87 - to take 5 months to complete an efan is unusual (but), SF allowed LSC to respond to some of the classifications in

5^B the efan. prior to the report, LSC responded to individual classification (specifically Wofford's response) & SF reviewed those responses closely & considered them.

5^C - This took alot of time - resulting in a longer lapse of time between start & efan report.

5^B An Asset Classification ~~Meeting~~ ^{meeting} ~~was~~ held w/ mgmt. at the ~~end of~~ ^{occasionally} ~~throughout~~ the efan in Oct. '86 to review the findings

5^C LSS mgmt. response to the classification came in Jan/Feb. '87 - so after this was received, it did not take that long to write the efan.

b6
b7C

3. ^{LA} ^{to S} RK wrote about the report of asset

(examine) RK, along w/ SF decided what were critical issues in the report.

6^D reviewed the report, could request additions/deletions, but mostly worked closely w/ RK.

5

D4. 7A

SF supervisor would write all recomm. - did not solicit input from RK as FR because Han was fact finding and their report was their input.

Decision to utilize outside resources was made prior to RK coming on board

Wanted w/ outside consultants to the extent of ensuring they rec'd the info necessary to perform their function.

RK reviewed outside consultants reports, used appraisal, suggested forces, etc. The job board report was used to, but mostly referred to lack of procedural adherence - no rationale, no approval for part, by board of Pin.

Decision re: recommendation is all done by supervisor -

SF was very busy @ this time. SF was one of the more innovative districts in getting conservators appointed - action taken. Was very good at it too.

RK felt the report was a good product - well thought out - did all they could to come up w/ a fair decision - allowed them to respond to classif. - reviewed them, considered them. Suggest there was a helluva a lot of risk there

Personal feeling At the time, what was not acting on anything that did not have "insolvency" stamped all over it.

6

28*

KK believed SF had a case on the safety/sandwich issue to want some restrictions on their activities.

Left 5-1-87.

When he returned in 88, did not have any contact w/ LSL.

II.

A. QA

This problem was between SF super. & the LSL & was there before he came on -

Expansions were very independent - problems only felt when they could not get into the premises

QB

QC

Truf issue - nothing really specific to LSL not aware of any specifics.

" "

" "

9D*

F. Leak - a number got out, it was for the show, Pillsbury sent an atty around to ask about it. not the [redacted] issue

- it had to have been leaked because it was so precise, it was an stan # - was also an # the assoc. had.

b6
b7C

People w/ access

1. Field exp.
2. SF super.
3. Lat Palma field staff
4. LSL people involved in direct invest.

10 H.

~~American Diversified St~~ - note that were not handled to the best ability of the Dist in the circumstances of the crisis at the time - [redacted] at the time - Progressive anything

b6
b7C

7

III,

b6
b7c

B. [redacted] have mentioned Jack Dads - but there were no load violations - new area - new regs,

C. Supv. issues

D. Not present

IV E not there

IIA } - No one from LSC or outside approached him to attempt influence.
- No one from within FHCB lobbed his position in a manner which would be detrimental to the function of LSC.

II B - Everyone @ FHCB appeared to be moving in the same ~~same~~ common direction to resolve a situation perceived as risky

II C WDC had final say - but the plan was far from "well fully inadequate" and - today you will find OTS acting regularly on "safety/soundness" issue. before the institution ~~can~~ are insolvent - cut on. losses now attitude has prevailed.

II [redacted] - hired by LSC after the spin - recalls it was ~~shortly~~ after the plan was completed. Believe Jk left FHCB, was a period of no employ went to work for LSC, was unemployed for a while - then rehired by LSC.

Don't know how long he was at LSC, what he did for them or if he was solicited while on the LSC plan

Field File No. _____

Serial # of Originating Document _____

OO and File No. PX - 58C-PX-41605-1A(12)

Date Received 3-20-90

From _____
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By SA _____
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To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

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12

b6
b7C

3-20-90

Dirt 3/20/90

[Redacted]

[Redacted]

b6
b7C

[Redacted]

DOB - [Redacted]
SSN - 571-31-0437

7. 1A was an analyst for Sydney Corp. reviewed monthly statements of UCC.

1B - wrote a memo in Feb/March '86 stating there was a distinct shift in their operations from traditional thrift to increase investments in service organizations, acquisition & develop loans. most in junk bonds, invest. securities.

1C - getting away from risky loans.

1D In a memo to Director of EXAMS, recommended they get in there to examine. Concerned

1E LSL was due for exam every 12-18 mos. Last exam 8-84 - due for exam.

SR recommended certain areas which the scope should include

1E* Exam was scheduled after SR's memo. other exams were backlogs.

2B SR's role = has caseload of 12 assoc., others in reviewing etc.

2A [Redacted] analyst under SR had regular contact w/ examiners

2C* involved in the LSL meetings w/ [Redacted] or exams [Redacted] & his staff to let them know about their findings.

W
11

SF -
At the time, FHC BK was learning
how potentially risky direct invest could
be in American Diversified - ^{of} had
not applied all the necessary ^{of} ^{of}
tests & procedures to satisfy SF that
these assets were safe/soundly originated

3A Upon started. Paul 86 - was contact

approx. May '86
review work papers, meet w/ Stan.

3B [redacted] through [redacted] told them (PK) he believed the Stan would be finishing soon. [redacted] can [redacted] to [redacted] to review the findings.

b6
b7C

3D They were concerned that the Stan's had not fully analyzed the risk exposure of all the problems areas they disclosed. [redacted] felt these areas needed to be further explored.

- Analyze Jumb. Bonds (outside resources)
- Outside Counsel

outside resources

Problem -

[redacted]

3F

prudent? safe? sound? risks?

disclosed loan underwriting was bad - did not analyze direct invest companies - jumb bonds, etc. - just did not follow up on ~~risk~~ assets at risk.

3G [redacted] and [redacted] were instrumental in getting additional resources, inside & outside assigned to the case

[redacted] assigned from [redacted] assigned EIC Pkt. outside ~~of~~ consultants for [redacted] real state approach, market eval.

3H July 3, 1986 meeting - to discuss LSC loan underwrite defic. [redacted] goes to [redacted] to speak w/ LSC mgmt. - LSC thought this was to be an ext meet. - There were questions which arose which the Stan could not answer - Meeting became abusive re: length of the Stan - Stanley adjourns the meet

3-

3I About this time Keating wants them out, go through NYC counsel. to conduct their exam.

3J LSC goes to WDC of FH/CBA - who she does not know - complains about the exam.

3L *

the allowed Jan the process of the exam they had to request info by letter.

3K as around mid of July '86 - SF goes to WDC to meet w/ RMs, SF & LSC to discuss continued flow of info to exam. - an intermediary was established as a go between.

Keating says -

3M "Exam too lengthy" - no, not for size of instit of complex transactions - could not look at all the direct invest/junk in that period of time.

3N *

(2) Didn't think examiners knew what they were doing - SF recognized their stuff was not qual. to analyze ~~the~~ R/E appraisals junk bonds, market studies of PH [redacted] - so SF brought in outside resources to properly evaluate the issues.

b6
b7C

Appraisal [redacted] analysis
Accounting issues -
R/E market survey.

4A

4B were not getting their info - got what they could.

Oct '86 - SF made a conscious decision to close the exam w/out fully exploring all areas due to the obstacles LSC had imposed. [redacted] was the only LSC employee who attends closing meeting where all issues were addressed.

4.

4D Keating then requests LSC dividend \$ - SF says "no" - capital problems - etc - Keating gets mad, requests 2nd closing meeting plus another meet to address accounting issues. Dec. '86 meet - address dividend, Jan '87 - meet - address Egan, accounting issues.

4E Jan '87 meet they request opportunity to respond to issues - sends a huge response - SF goes through it all - incorporates their opinions into the report.

4F Report out April '87 of accompanying letter to LSC

4G - ~~the~~ The report was delayed primarily due to LSC restricting flow of info - to their requested meet + their response to pre-report findings.

Sept/Oct. '86

SAVE To The end.

* During Egan process - SF classified a loan on a property in NY - a NY Congressman sent SF a letter requesting an explanation re: the classif.

> - Was another similar instance - cannot recall congressman

I D. 4H*

1. Mgmt was apprised of the issues prior to report - allowed to respond - no surprises - in closing meet. Also addressed

2. Egan reports are all prepared the same way - but the EIC, FM & what was discussed in close meet

3. Egan side - writes report, but Sugu. review report to ensure all issues were properly addressed & articulated.

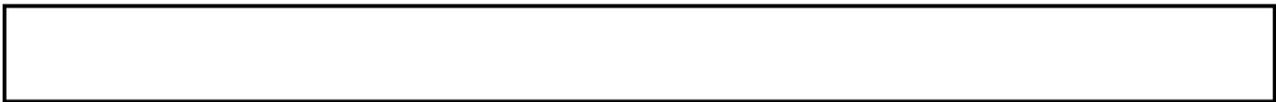
5.
*

5A 4. Had a outside law firm Pillsbury Madigan & Futro assisted SF in drafting the Stat of Super Concern - They went to ~~particular~~ great detail to insure that all the issues were addressed in adequate detail and properly supported.

5B - Purpose of outside counsel - assist in Stat, + the whole plan and the issues were extremely ~~diff~~ complicated - Also knew this would be litigated wh. a forecast was recommended.

b6
b7C

E I
D S,
S C



+ their staffs to make a combined decision overwhelming consensus

(D) This case was by far the scariest case she had - knew LSC was not going to make it, knew USC was a time bomb due to all the studies (outside resource) reports which came back in Big box.

5E* SF believed they had an excellent case for approval of a conservator in a pro-active manner - could not prove insolvency -- safe/soundness issue.

E, 6A In Aug '86 WDC was sent SF's first draft - Stat of Super Concern -

Alvin Amugibi, RAS,
~~Karin O'Connell~~

6B - Discussed findings on a continued basis w/ WDC - gave the impression they were on-board - agreed there was a problem

when report arrived in WDC in April 87 - nothing new - no surprises

6.

- 7 { Was really no other SF could take other than what they recommended. At a minimum, a CTD was needed - still requires WDC.
- A Directive letter would not have been enforceable and would not have been effective w/ LSL.
 - A Superv. Agreement would have to be agreed upon, and LSL was disagreeing w/ everything.

6D* Once the recommendation goes to WDC, the ball is w/ WDC - SF would continue to support the issue & assist WDC when needed. Brought in [redacted] to do additional work. b6
b7c

6E Recalls a standstill @ this time [redacted] was leaving, only left [redacted] on the Board - he would not act alone as he was just coming in.

6F Does not recall seeing the [redacted] memo ~~recommending~~ suggesting SF's recommend. learned of it in 1989 when assist in prep. for Congressional subcomm. hearings.

6G* Recalls that ~~between~~ there was a period of time in 1987 when FHUSB could not take an insurance action due to a technical loophole associated w/ [redacted] St-Denis Act, dealing w/ state chartered institutions.

7.

II

- 8
- A. Never felt adversarial relationship w people they dealt w on day-to-day. - Keating fueled that sentiment of relationship by his litigious behavior.
 - B. SF has always had a problem w WDC enforcement - largely due to their slow action on cases.
- SR believed there was a good relat. w/ WDC began dealing direct w/ LSL.
 - F. Aware of allegations. - did not suggest the conclusions by the ICG's, Pillsbury, & FBI
 - H. Nothing like LSL -
American Savings - decisions were taken out of SF's hands & SF was not apprised of the case progress - doesn't know.

III. In regard to prior state

- 9 AA. Did state find problem, made reference to WDC in Feb 87 expressing concern. - could not initiate enforcement / issuer action - WDC had to.
- BB. SF's findings were well supported - loads of detail to satisfy WDC - it was all there.
- CC. Exactly what was provided was what was called for.
- SF's internal legal staff reviewed it P/US an outside law firm - everyone in SF had to get behind this.

9

10J SF reiterated in the meet their recomm. for reviewing stood w/ Atlanta Cf D. ~~At same time in the meet~~
10K went to lunch - [redacted] never came back

b6
b7C

meet mints 10L

DD then had a meet w/ LSC - told LSC they suggested SF, & some sort of enforcement action would be taken. - [redacted] said LSC would not agree to anything

10M
End Oct '87
early Nov '87

Then O E agreed to draft - C&D. - SF had sent O E a recommend for C&D - WDC did not like it - thought it too much - too lengthy - really went around it then.

10N*

Meanwhile - LSC had sent in their proposed Mon draft - it was weak -

11A LSC had also hired [redacted] as new LSC pres. ~~to do with~~

11B [redacted] said he did not want to do anything w/ the C&D until SF met w/ [redacted]

11C SF met w/ [redacted] in Dec. '87. - [redacted] said he will run the show - doesn't want to deal w/ '86 for issues - Kenting is battling this out.

11D - ~~thing~~ Sends a letter of intent to SF which is nothing more than the Mon they proposed in Nov. '87.

Dec 87
Jan 88

11E SF also finds out LSC is violating their affiliated transactions regulations.

Jan 88

11F* SF sends WDC a memo - LSC issues something new - King - jobs, violating reg - etc.

12A SF felt their authority had essentially been removed in Dept '87 when SF was told they could not conduct an exam. WDC had all meets & discuss of LSC - SF was out.

12B after Jan '88 memo - that was it.

SF was in the dark.

12C All through early '88 - The Enforcement Comm ~~was~~ lead for SF, LSC, Seattle Bar, etc. re. what to do w/ LSC.

made recommend to FHCB - that LSC would be handled out of WDC - and new exam conducted

b6
b7c

12D would hear of meets between [redacted] RMS & LSC counsel - would sat in a few - Sept. '87 meet where they agreed to hear LSC's side of the story

12E SF could not believe or understand what was going on at this time. -> see p. 11

12F* SF was writing memos to WDC pleading their case.

13A when '88 exam started, learned that the Spanier could not review SF's PB report a WP's, & could have no contact w/ SF personnel - and it did not happen.

13B The state spaniers [redacted] called SR & told her he felt the exam was a farce - a "white wash" - a joke - for the feedback ->

11

he got from his people

13C Examiners were not really looking at the issues; then SF heard some of the examiners were actually told not to look at certain issues.

~~Didn't hear much~~

[Redacted]

b6
b7C

said his people came behind the fed. exam and found all kinds of problems - sounded the alarms

13D
These two weeks and then I faced the issue of the 83 exam.

[Redacted]

- Chicago - did the holding Co. exam & disclosed all kinds of problems

12E

WDC would clearly not support SF, and appeared to buy off USC's smoke screen tactics

[Redacted]

} put into writing that USC was operating in an unsafe/unsound manner

Attempts to influence:

- Always had politically connected people associated with them
see p. 4 - [Redacted] Congressman writing letter to [Redacted]

4-

[Redacted]

[Redacted]

of AY of [Redacted] reports

- Section meets w/ SF people + [Redacted]

- He had assets - Proprietary request

taken they put a lot of pressure on the state people

[Redacted]

... 12

People or their staff who were formerly
w/ public plan.

[redacted] was hired by LSL, after the
plan - doesn't recall when he left. FHLD

b6
b7C

After [redacted] was fired from
~~staff~~ FHLD - SR heard
from an ex-employee LSL tried to [redacted]

[redacted] job offer.

Field File No. 580 41605-1A(14)

Serial # of Originating Document _____

OO and File No. _____

Date Recd 3/12/07

From _____
(Contributor)

b6
b7C

(Address of Contributor)

By _____

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Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of 3/13/07

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23

3/13/90

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b7C

[Redacted]

SF

[Redacted]

5/88

6 AM Cool [Redacted]

[Redacted]

1. BB was setting up closed session re [Redacted] from 11th Dist

[Redacted] - said discussion should be held w/ J.C.

2. F.H. said were having meeting re removal.

3. J.C. said you should have asked before and didn't want to participate in meeting

[Redacted] - voted to remove [Redacted] - voted not to.

4. Car A recall who informed how not want.

[Redacted]

[Redacted] that removal was not part of MOU. But removal agreement existed

2/23/88

[redacted]

b6
b7C

offerie (called meeting)

1. [redacted] (MP, ACF, WB and perboys [redacted])
Talked about LSC and realized [redacted] had implied that there had been leaks from SF people about LSC.
2. HW want to know what was going on w/LSC
3. W we going to be meeting w/CHT, et al [redacted]. It was suggest that SF people set in to determine if contribution could be reeled. CHT side no [redacted] - so SF people didn't attend meeting.
4. [redacted] had "seen file"

in the FBI BB getting MOU.

Never talked to [redacted]

b6
b7c

FS
KMG

[redacted] (LA meeting)

discussed "secret file" and matter expressed with Dir "permit" of LSL and info in file (if would wound up in court) would be damaging.

Refused to show file to IC. "He promised ^{to show} not to show file"

[redacted]

ETC (Meeting in DC)
(Meeting that was about removal 2/22/88)

[redacted]

(didn't discuss funding in detail (3/86 Exam) FS ~~has~~ said we must review what been done

[redacted]

[redacted]

... about what the Dir had been doing since 3/86 exam.

2. Dismissed findings & what Dir wanted LSL to do.
3. " Dir. opportunity to make its case re LSL. [redacted] said LSL was not satisfied w/ findings etc etc.

Work meeting was when Board met & called re board vote.

b6
b7C

Does not recall any written work verbal between [redacted] & [redacted]. There was some participation in a minor extent, but always at direction of WDC.

[redacted] re 11th Dist. was [redacted] But had no business manager re her attitude.

JC was PSA and never received any calls re the inadequate re LSL. There were mainly meetings among bank Pres. and board members, but there were no discussion concerning individual cases.

PM(z) Refused to show JC file because he [redacted] ^{CHK} was to show it. [redacted]

Saw file - nothing new. just old allegations about beh. Nothing embarrassing to JC or damaging to 11th dist. Keeping apparently went directly to [redacted] w/ file.

"Stick up your ass"

b6
b7c

Was sure law to take [redacted] meeting. Discussed implication of secret file" w/ [redacted] & [redacted]. Was upset that [redacted] would make implication about a case, but not disclose file.

JC said to [redacted] - When we ever hear of an enforcement action, when there is a threat of secret info we will pull a you. — RM - this will not look good if we wind up in court.

[redacted] didn't ask for JC to do anything. He just said if the lit best continued its efforts, it might wind up in court and the info in file would be damaging.

JC put memo in SF file about "secret file" and meeting. all info came from [redacted] to [redacted] about file.

Not aware of 88 and 89 spans [redacted] by BB. except what he read in papers. (that span supposed 3/86 span) (88 & 89)

Had no contact from span crew, but and no calls from other bank residents

after 5/88 [redacted]

[redacted] - Seattle - Pres.
[redacted] called in ref to VSL
transferring to Seattle, his reasoning
a small S & L. [redacted]
had informed him.

Call to JC was to inform him that
he would consider transfer. [redacted] but
JC discussed VSL, be careful and
consider ramifications.

12th Dist - went back to ERK
and said they would not accept
transfer. (May have met w/ CTK and
realized they would have deflected)
and it was bad precedent on
transfer.

(A female in Seattle would have
not met w/ CTK) and made
recommendation to [redacted]

After transfer - BB^(official) - May 88, unofficially
much earlier.

Aug/Sep 87 DD called JC and said "from
here on in" don't make any action
unless discussing it w/ us. (only other time
was when Amer S & L had 6 bid run, and
[redacted] had sharing of authority.) This type
of call had never happened before and nothing

6

In writing.

[Redacted]

- Memo -

[Redacted]

11th Dist. b6
b7C
44

and rec. soon afterwards - DD later WR plane.
Not aware of what caused change.

Tues. Morning Meetings

1. Renew weekly events in Dist.
2. 40 reunions (found smoking gun)
but suddenly could not w/SL.
Some [Redacted] ^{effied} _{of State charter set}
could not do reunions but
conserve w/ State authority.
3. No one from DC ever pointed
out any ^{any} deficient even after
DC took over again.

Field File No. _____

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OO and File No. 58C 4160S - 1A(15)

Date _____
From _____

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3/14/90

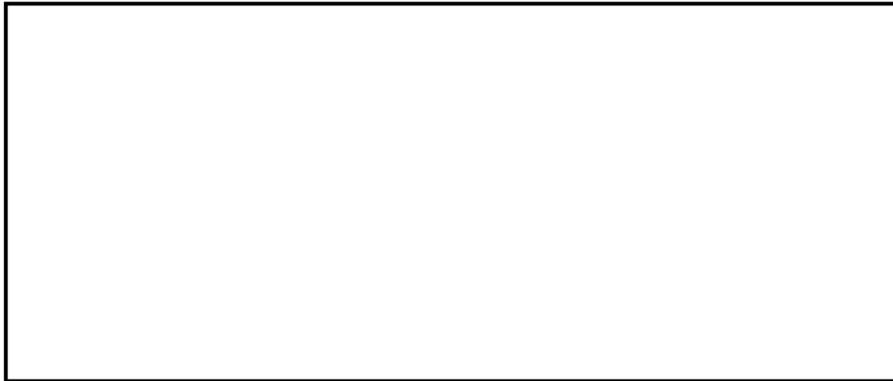
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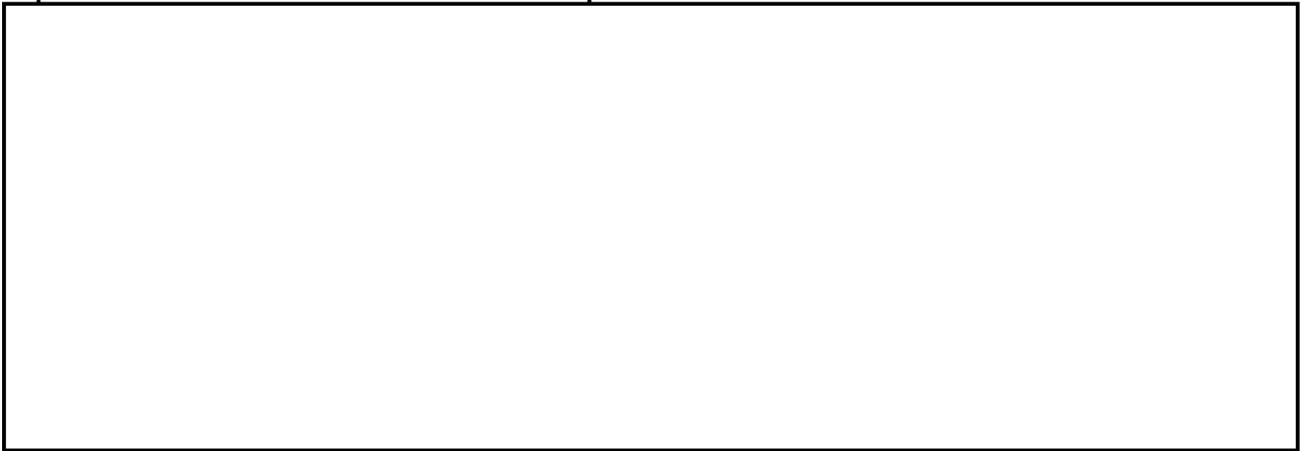
23
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3/14/90

b6
b7C



San Anselmo, Ca 94960



First banned of LSL in 1984 after it was argued by ACC. The operation of the LSL changed from what they said it would be run.

purpose that [redacted] (it came to an end)

mid to late
1984

Meeting at CDSL in SF

1. ACC Bus plan. given to [redacted] resemble actual operation
2. Want new plan. [redacted] profile was different than [redacted]
3. [redacted] [redacted] LSL reqs.
4. Wanted new bus plan & current [redacted] was speculative

During 1986 - Supervisor Agents worked w/ examiners (SSC - ^{Stalijers} Significant Supervisory ^{concerns} Reports) - written when problem arise

2/1985 - LSC want to increase divit investments, (LSC had 40%) 10% is standard. Wanted to exceed limit allowed.

Meeting: CTK, and key mgmt in SF.

- 1. CTK said "I hate to admit a mistake to regulator" but \$ in junk wrong, but we are going to get out."
- 2. Request denied. - appeal to BB - also denied.
- 3. Keating had lead in meeting, but was civil

12/86 Next meeting w/ CTK - in SF

attendees Htk -
LSC -



b6
b7C

- 1. Reason for meeting to discuss - payment of dividends from LSC to ACC, - Htk said no dividends.
- 2. No mention of influence.

3

84-86 32 S&L
in recesseship/
Consertship

b6
b7c

[Redacted]

Loring: CTRK was able to overcome
problems in going - but no
specifics.

(Full Scope)

3/86 Exam - Routine (exam
after S&L argued in reg)

1. Early findings - major problem in
loan underwriting. 52 of 55
loan review - found deficiencies
2. [Redacted] - order to go to
[Redacted] (oral briefing for LSC) so they
could address problem
A.P.S. called from Justice and
said that CTRK - was threatening
(law suite) confrontational
and would not give RS chance
to explain findings

3. Added 1 EIC in PX and 1 in
Justice. (PX - [Redacted] [Redacted] [Redacted]
added - for, problem) personnel.

4. Dialogue starts between SF & WSC
when LSC is determined to be
urgent. - Talked to [Redacted]
[Redacted] - SF and

(all docs generated - [Redacted] was copied)
as reported to John Price)

[redacted] suggested that the span should be moved faster - lending unsafe & sound - and wanted span done quicker - so enforcement could be implemented. (Wanted brevity to apply to single issue - SF wanted to complete span - to total problem could be addressed. - SF wanted to move in direction of reciprocity & WDC approval. [redacted]

7/29/86

GC for SF & [redacted] - Evans - 11th Div - even briefed WDC but. Logonax knew who. This briefing related to Evans. D agreed to follow LSC counsel review does as sets (not through NY). Rosemary compromise.

Recommendations for Rosemary's

1. 3/86 - 10/87 - Evans listed

A. During this time CD & UP [redacted] [redacted] - at WDC - [redacted] [redacted] & [redacted] would brief [redacted] SC Evans was coming

8/10/86

Meeting + docs sent to DC - SSL (see p 2)

B. Early - matters - magnitude of problems - may be enforcement - CD [redacted] - movement toward reciprocity

SF Never challenged
on R/C prior to LSL
LSL was best recommendation
yet - challenged & LSL transferred

Principle SA

12/86 or 1/87

[Redacted]

Meeting w/ the staff - determined enforcement action not enough - insurance action - Receivability/Consentation and later this info relayed to DC.

b6
b7c

3 actual Recommendations sent to DC 5/1/87, for Receivability/Consentation after recommendation. SF is

Challenged - [Redacted] asked to verify SF findings. They agreed w/ 95% of findings.

[Redacted]

Meeting 8/87 10/7/87

Attendees - [Redacted]

[Redacted] CB [Redacted]

[Redacted] + person from litigation

an OE,

1. 95% report of [Redacted] \$ [Redacted] is stated.
2. knew meeting was to defend SF position. Was aware that SF findings were challenged before meeting, but can't focus on when he learned about findings were being reviewed.
3. To make presentation - PD left meeting and never came back
4. Nothing came from meeting

[redacted] none have written [redacted] b6 b7C
(Memo 7/23/87)

After [redacted] meeting - DC says SF findings are "stale" - specifically loans - (CD can't recall who or date) I like mean time Cal. had gone into LSC and found more problems - I.e SF recommends a "field visit" to LSC - [redacted] [redacted] 8/28/87 re field visit as a courtesy

1. Certain areas to be covered (limited scope)
2. Rebuttal - response to LSC
3. Did memo - of [redacted] up [redacted]
4. Btk - said "it will take a court order" and "we can't let [redacted] in the institution" - they stole some "proprietary interests" relating to restate analysis.

8/31/87 letter was sent to LSC re limited scope

9/2/87 - LSC meets w/ EHB/3 - Reference Committee - [redacted] [redacted] [redacted] I do - see [redacted] no field [redacted] - called CD

9/3/87 → [redacted] and said visit prepared. [redacted] this point forward 11th [redacted] was off LSC

9/24/87 - Independent review of SF findings was agreed upon by OKPOS, and [redacted] given assignment, - 95% agreement, w/ SF. (10/87 meeting)

b6
b7C

[redacted] - came to SF re sell of interest in Phoenix Hotel, - told [redacted] would not tell CD.

Focus of DC changed from Receivables to enforcement (C&D coverage all areas) LSC - OIA & Enforcement - came to SF [redacted] and [redacted] Does not know who made decision in DC
1. [redacted] work as details to be taken back to DC

LSC sends in draft MOC on 11/5/87 and includes transfer of LSC from SF.

Communication is now between LSC and "BTB folks" and not SF. and DC gives direction to SF.

MOU -

1. CD it was "obscure"

2. Had no input

A. Observation: - MOU had never been used in SF - was normally used for minor problem. Could not recall example. Used in cooperative management.

B. LSL was not tried, but tried the hands of bank board. If set conditions ~~set~~ set for bank board.

3. Supervisory Agreement - basically the same document as MOC.

4. Side letter - CD not aware of this doc. until House Banking hearings

5. New exam could be built on 3/86 exam. - With sent "Scope" memo which ID problem over.

88 89 90 - 1 60

[Redacted]

- examined

ACC - a ~~document~~ problem. He met w/ [Redacted] of EC - Dir of Examinations, who told CD that the examiner of LSL believe that there is a "whole work" report keeping separate file because

b6
b7c

they are afraid that their findings would not be in final report. [redacted]

b6
b7C

was the examiner in charge who would have instructed the examiners. [redacted] in Seattle

[redacted]

SF had no input and was to be independent of SF

- [redacted] - PSA
- [redacted] - Super. Agent or boss
- [redacted] - EIC or field manager.

@ S - between [redacted] & [redacted]

[redacted] - told CD that later on a bear would discuss problems in getting open started.

[redacted] was fired for 1 day

because - [redacted] (Pres. of US Savings League) had made negative remarks about taking or direct investments i.e. KO should not be over seeing LSI - this job was saved by [redacted] Zwaki

ago - [redacted] affirmed this firing. was fired in a day and it was agreed he would still have LSI but LSI would not be told.

10

12/18/87

Wm. King Making (12/18/87)

1. Would take over LSL - be in traditional S & L member.
2. [redacted] also present, and [redacted] present briefly
3. Said he would run LSL as a traditionalist, " CTK would operate junk bonds & be loan home loans. Said he could only talk about home loans. CTK would do junk & be in investments
4. RS & CD believed that Wt only a smoke screen.

b6
b7C

[redacted] & [redacted] - testimony
 " can explain for testimony
 of DD.
 2,

Kendotte - had to deal w/ 3/86 spam, but can't recall when it became an issue. The 11th Dist didn't leak. RS would not even tell CD about Senator meetings.

In March 89 - 11th Dist wrote for re [redacted] purchase of LSL. Were schem transaction. Doc. ID Bill Russellett & [redacted] had no record for

purchase [redacted] memo signed by [redacted] [redacted]

ERC - Rosemary

1. [redacted] (old GC 11th) RS was not aggressive. Only took action if she thought she could win. Would not take chance - to make law
2. Att. in Rosemary Group, MP asked CD to put together problem list. CD highlighted 18 S&L tax enforcement bad law matters.
3. [redacted] [redacted] also had problem w/ RS
4. C & D to Saratoga & Universal S&L in law can we go - But RS said she was agent of BTB and better. not her client. Would have S&L sign CD w/o confering w/ client. Finally took problem to [redacted] and he agreed w/ SF.
5. ~~Saratoga~~ She represented the BTB and not Best Bank.

12
CGI S&L Commissioner

[Redacted]

& [Redacted]

Supported

11th Dist - LSC may have tried to
have them removed.

b6
b7C

Field File No. _____

Serial # of Originating Document _____

OO and File No. 58C41605-1a(16)

Date Received 3/14/90

From _____
(Name of Contributor)

b6
b7C

By

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title: _____

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of 3/14/90

ISIS
JMS

3/14/80

b6
b7C

[Redacted]

[Redacted]

[Redacted]

ISL - down for year. But after
new ownership - revised plans
required. [Redacted]

Reviewed periodic reports and
saw [Redacted] called EIC to
be up to date.

[Redacted] before UDC [Redacted]
- before Aug of 1986. Discussion
[Redacted] ISL was [Redacted]
from beginning. Could not [Redacted]

Went to Wash team w/ ISL
legal rep. [Redacted] - to resolve
issue about [Redacted] (7/86)

Therese [Redacted] was present
[Redacted] (FCIT) [Redacted]
[Redacted] [Redacted] [Redacted]

Heard meeting - [Redacted] signed meeting

and agreement from info would be obtained. [redacted] was conducting department type & s. agreement - att on site in TX,

b6
b7C

Was the pulling teeth to get LSC to cooperate. and free flow of info w/ LSC - BT personally talked w/ [redacted] as to what was occurring.

March 1, 1987 - BT - [redacted] Evans and became Agency Group - [redacted] and taken out of agency loop.

Evans Tues. - [redacted] Making (Significant Events Meeting) got briefing on what was going on re LSC.

Up until was Dep. Dir of Agency Group. B.T. review Evans of LSC and believed it was competent. Was part of interim report sent to WDC, which highlighted LSC problems. Was involved in hiring outside experts for appraisals and fund bands (How

3

Comptrols - [redacted] b6
b7C
 Junk bonds - [redacted] \$
 2 other due of LA
 [redacted] (X)

No evide. of vendetta or "get LSL" attitude. Hottel caused biggest loss that BT had seen. Even knew only 5-6 home loans made by LSL.

- [redacted]
1. Had to be hired after repair finished.
 2. Was hired after 10/87.
 3. Not aware of LSL started out as a routine, after it became a heavy duty one. [redacted] tried to help [redacted]
 4. Was not certain [redacted] could handle repair ("night horses")

- [redacted]
1. No explanation for [redacted]
 2. Phillipsburg Mahan ([redacted] att assisted in building LSL core.

4

3. More are than a month exams
to support action recommended
by SF

Report of Exam and recommendation
draft were seen by B.T.

4. R.S. was in loop whole time of
exam while he was responsibility
of exam funding area of exam
unit was resigned.

LSL - intimidate

1. [redacted] - they threatened to sue him
and refused to ~~to~~ bear funding

2. when examiners started getting close
to info VSC would get loud and
starewall.

3. B.T never threatened or examiners
(13 yrs as ^{examiner} ETC, FM -

EIC - 8 yrs

FM - 4

Asst. Dir - 5 yrs.

Vendetta - no mind - just doing their job.

30-40

[redacted] no balance until VSC from [redacted]

b6
b7c

Field File No. SSC 41005-1A(17)

Serial # of Originating Document _____

OO and File No. 2-1-100

Date From

b6
b7C

(Address of Contributor)

To Be Returned Yes No Receipt Given Yes No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure Yes No

Title:

Reference: _____
(Communication Enclosing Material)

Description: Original notes re interview of

3/6/90

ISIS
JMS

(17)

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File PX 580-PX-41605 Date _____
Class. Case No. Last Serial

Pending Closed

Serial No. Description of Serial Date Charged
1a(13) _____ 5-14-90



b6
b7C

RECHARGE

To _____ From _____ Date _____

Initials of Clerk

Date

Date charged

Employee

Location

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1259813-1

Total Deleted Page(s) = 77

- Page 5 ~ b6; b7C; b7D;
- Page 6 ~ b6; b7C; b7D;
- Page 11 ~ b6; b7C; b7D;
- Page 22 ~ Referral/Consult;
- Page 23 ~ Referral/Consult;
- Page 24 ~ Referral/Consult;
- Page 25 ~ Referral/Consult;
- Page 35 ~ Referral/Consult;
- Page 36 ~ Referral/Consult;
- Page 48 ~ b6; b7C; b7D;
- Page 49 ~ b6; b7C; b7D;
- Page 50 ~ b6; b7C; b7D;
- Page 51 ~ b6; b7C; b7D;
- Page 52 ~ b6; b7C; b7D;
- Page 53 ~ b6; b7C; b7D;
- Page 54 ~ b6; b7C; b7D;
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- Page 57 ~ b6; b7C; b7D;
- Page 58 ~ b6; b7C; b7D;
- Page 59 ~ b6; b7C; b7D;
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- Page 61 ~ b6; b7C; b7D;
- Page 62 ~ b6; b7C; b7D;
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- Page 64 ~ b6; b7C; b7D;
- Page 65 ~ b6; b7C; b7D;
- Page 66 ~ b6; b7C; b7D;
- Page 67 ~ b6; b7C; b7D;
- Page 68 ~ b6; b7C; b7D;
- Page 82 ~ Referral/Consult;
- Page 85 ~ b6; b7C; b7D;
- Page 86 ~ b6; b7C; b7D;
- Page 87 ~ b6; b7C; b7D;
- Page 88 ~ b6; b7C; b7D;
- Page 89 ~ b6; b7C; b7D;
- Page 180 ~ b6; b7C; b7D;
- Page 181 ~ b6; b7C; b7D;
- Page 182 ~ b6; b7C; b7D;
- Page 183 ~ b6; b7C; b7D;
- Page 184 ~ b6; b7C; b7D;
- Page 190 ~ b6; b7C; b7D;
- Page 239 ~ Duplicate;
- Page 240 ~ Duplicate;
- Page 241 ~ Duplicate;
- Page 243 ~ Duplicate - Section 2, Part 2;
- Page 244 ~ Duplicate;
- Page 245 ~ Duplicate;

Page 246 ~ Duplicate;
Page 249 ~ Duplicate - Section 1, Part 2;
Page 250 ~ Duplicate;
Page 251 ~ Duplicate;
Page 261 ~ Duplicate - Section 01 Part 2;
Page 262 ~ Duplicate - Section 01 Part 2;
Page 263 ~ Duplicate - Section 01 Part 2;
Page 264 ~ Duplicate - Section 01 Part 2;
Page 265 ~ Duplicate - Section 01 Part 2;
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Page 281 ~ Duplicate - Section 01 Part 2;
Page 302 ~ Duplicate;
Page 303 ~ Duplicate;
Page 304 ~ Duplicate;
Page 305 ~ Duplicate;

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X   No Duplication Fee X  
X   For this Page     X  
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/13/91

[redacted] also known as (aka) [redacted] [redacted] date of birth [redacted] was interviewed at his place of business, [redacted] Washington, D.C., in the presence of his attorney, [redacted] Northwest, [redacted] Washington, D.C., telephone [redacted] who was aware of the interviewing agents' identities and the nature of the interview, provided the following information:

b6
b7C
b7D

[redacted] advised that he has never given LEE HENKEL any money or anything of value. [redacted] said he had no business dealings whatsoever with HENKEL, including loans or partnerships.

[redacted] confirmed that [redacted]
[redacted]

b6
b7C
b7D

[redacted] stated that he has never met with [redacted]
[redacted] said he did not recall any other meetings with [redacted]
[redacted] said he had no recollection of any conversation with [redacted]

b6
b7C
b7D

[redacted] stated that he definitely had no conversations with [redacted] regarding substantive materials, because [redacted] was not knowledgeable on savings and loan issues. [redacted] had no recollection of discussing with [redacted]

[redacted]
[redacted]

Investigation on 2/28/91 at Washington, D.C. File # 58A-LA-111204
58C-PX-41605
by SA [redacted] and SA [redacted] JAJ/lpt Date dictated 3/7/91

177

b6
b7C

INDEX

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- _____

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 3/14/91

1 FM FBI LOS ANGELES (58C-PX-41605) (SARA-3) (P)
 2 TO FBI WMFO (58C-PX-41605) (C-9)/ROUTINE/
 3 FBI PHOENIX/ROUTINE/
 4 BT
 5 UNCLAS
 6
 7 SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON;
 8 ET AL; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE;
 9 OO: PHOENIX/LOS ANGELES.

10 RE LOS ANGELES SA [redacted] TELCALL TO WMFO SA

11 [redacted] ON 3/12/91.

12
 13 THE COMMITTEE FOR A DEMOCRATIC CONSENSUS IS A POLITICAL
 14 ACTION COMMITTEE, BASED IN WASHINGTON D.C., AFFILIATED WITH
 15 SENATOR ALAN CRANSTON. CRANSTON'S CAMPAIGN [redacted]

16 [redacted] WAS ALSO A FUNDRAISER FOR CDC.

17
18
19
20 JAS/clm

58C-PX-41605-178

SEARCHED _____

INDEXED _____

SERIALIZED 21

Per FILED 21

Approved: [Signature] Transmitted _____ (Number) (Time)

b6
b7c

WMFO, AT WASHINGTON, D.C.: OBTAIN FROM THE FEDERAL
ELECTION COMMISSION, WASHINGTON, D.C., COPIES OF THE COMMITTEE
FOR A DEMOCRATIC CONSENSUS FINANCIAL RECORDS, SHOWING RECEIPTS
AND DISBURSEMENTS, FOR THE PERIOD 1/1/86, THROUGH 12/31/90.

BT

FBI

TRANSMIT VIA:

Teletype
 Facsimile

PRECEDENCE:

Immediate
 Priority
 Routine

CLASSIFICATION:

TOP SECRET
 SECRET
 CONFIDENTIAL
 UNCLAS E F T O
 UNCLAS

Date 3/21/91

1 FM FBI LOS ANGELES (58C-PX-41605) (SARA-3) (P)

2 TO DIRECTOR FBI/ROUTINE/

3 FBI PHOENIX (58C-PX-41605)/ROUTINE/

4 BT

5 UNCLAS

6 PASS: PUBLIC CORRUPTION UNIT, SSA

7

8 SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,
9 ET AL; CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN
10 ASSOCIATION, AMERICAN CONTINENTAL CORPORATION; CORRUPTION OF
11 PUBLIC OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES.
12

13 RE PHOENIX TELETYPE TO BUREAU DATED 3/7/91.

14 AUSA LOS ANGELES UNITED STATES

15 ATTORNEY'S OFFICE, HAS DECIDED THAT IT IS NO LONGER NECESSARY
16 THAT THE INVESTIGATING AGENTS RECUSE THEMSELVES FROM ANY

17

18

19 *JAJ/clm*

20

21

58C-PX-41605-179

SEARCHED _____

INDEXED _____

SERIALIZED 6/

FILED 1/

Approved: *L S L/ja*

Transmitted _____ (Number) (Time)

Per _____

b6
b7C

b6
b7C

SENATE ETHICS COMMITTEE TESTIMONY FOLLOWING THE GRANT OF IMMUNITY TO [REDACTED] DECISION WAS BASED ON THE LACK OF EVIDENCE TO CHARGE [REDACTED] WITH ANY CRIMINAL VIOLATION. THUS, ADDITIONAL SENATE ETHICS COMMITTEE TRANSCRIPTS AND DOCUMENTATION ARE AVAILABLE FOR REVIEW BY THE INVESTIGATING AGENTS.

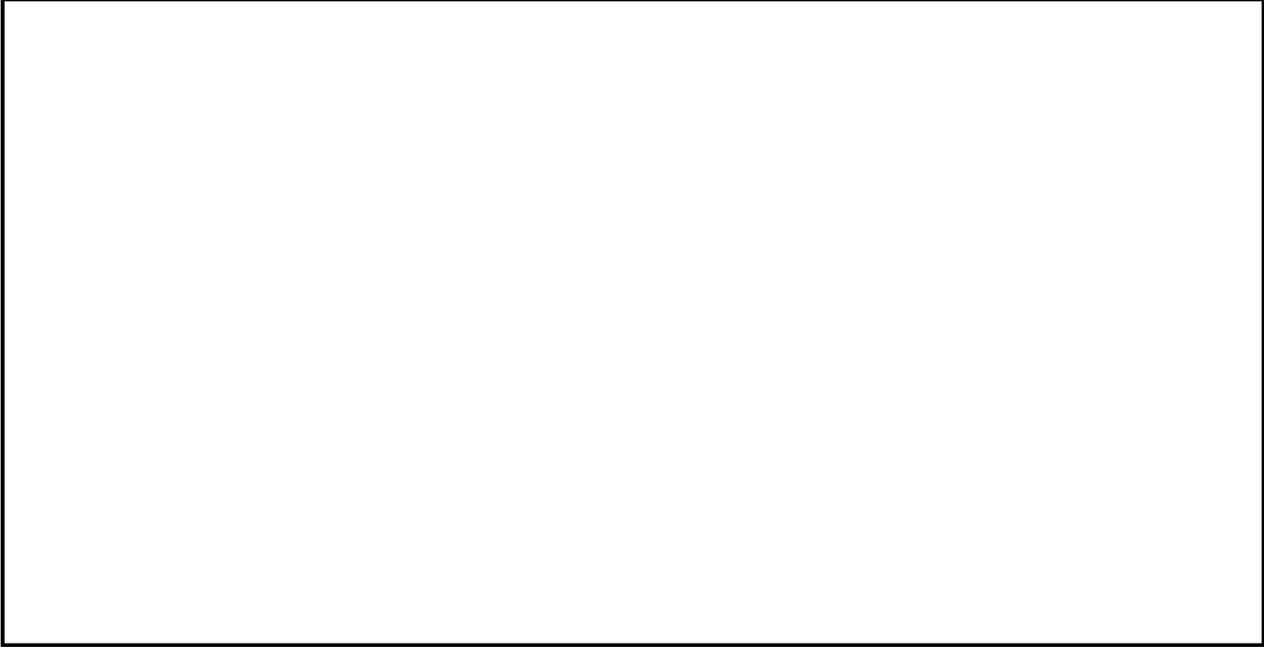
b6
b7C

HOMEFED BANK, SAN DIEGO, CALIFORNIA, HAS RESPONDED TO A SUBPOENA DIRECTED TO HOMEFED FOR ANY RECORDS RELATING TO TRANSACTIONS WITH CRANSTON'S AIDE [REDACTED] THIS SUBPOENA WAS PROMPTED BY INFORMATION DEVELOPED BY AUSA [REDACTED] THAT [REDACTED] MAY HAVE HAD AN UNDISCLOSED FINANCIAL RELATIONSHIP WITH HOMEFED BANK. HOMEFED BANK REPORTED THAT IT HAS NO RECORD OF ANY TRANSACTION WITH [REDACTED] FOR THE PERIOD 1985 TO THE PRESENT.

b6
b7C

A LEAD HAS BEEN SENT TO WMFO TO OBTAIN FINANCIAL REPORTS OF THE COMMITTEE FOR A DEMOCRATIC CONSENSUS (CDC) FILED WITH THE FEDERAL ELECTION COMMISSION. CDC IS A POLITICAL ACTION COMMITTEE AFFILIATED WITH CRANSTON. CRANSTON'S [REDACTED] ALSO RAISED FUNDS FOR CDC. CDC RECORDS ARE BEING OBTAINED TO DETERMINE WHETHER CDC WAS USED AS A CONDUIT TO CIRCUMVENT FEDERAL ELECTION LIMITATIONS ON POLITICAL CONTRIBUTIONS. [REDACTED]

b6
b7C
b7D



A MEETING WITH THE LOS ANGELES U.S. ATTORNEY'S OFFICE IS ANTICIPATED WITHIN THE NEXT TWO OR THREE WEEKS FOR THE PURPOSE OF AGREEING ON THE DIRECTION OF FURTHER INVESTIGATION OF THIS MATTER. IN PREPARATION FOR THIS MEETING, LOS ANGELES AND PHOENIX AGENTS ARE ORGANIZING AND SUMMARIZING THE EVIDENCE OBTAINED TO DATE. THE U.S. ATTORNEY'S OFFICE HAS INDICATED TENTATIVELY THAT THE INVESTIGATION SHOULD FOCUS ON CRANSTON, AND THAT PROSECUTIONS OF SENATORS MCCAIN AND GLENN ARE LIKELY TO BE DECLINED. THE U.S. ATTORNEY'S OFFICE ALSO INTENDS TO CONSIDER DECLINING PROSECUTIONS OF SENATORS DECONCINI AND

RIEGLE FOR LACK OF EVIDENCE THAT A VIOLATION HAS OCCURRED. IT
IS EXPECTED THAT THE INVESTIGATION OF CRANSTON WILL CONTINUE.

BT



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- △ Immediate
- △ Priority
- ✗ Routine

- Top Secret
- Secret
- Confidential
- Sensitive
- Unclassified

Time Transmitted: _____

Sender's Initials: _____

Number of Pages: 3

To: FBI WMFO
(Name of Office)

Date: 3/14/91

Facsimile number: (202) 252-7801

Attn: _____
(Name Room Telephone No)

From: FBI Los Angeles (SABA)
(Name of Office)

Subject: Allegations Concerning U.S. Senators Alan Cranston;
ET AL; Corruption of Federal Public Officials-
Legislative; OO: Phoenix/Los Angeles

Special Handling Instructions: _____

Originator's Name: SA

Telephone: (714) 542-8825

b6
b7C

Originator's Facsimile Number: (714) 542-8825

Approved: [Signature]

FBI DC

Sent 3/14/91 at 1:19 pm

58C-PX-41605-180

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SERIALIZED FILED

MAR 1991

FBI - LOS ANGELES

Jay



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- △ Immediate
- △ Priority
- ✱ Routine

- Top Secret
- Secret
- Confidential
- Sensitive
- Unclassified

Time Transmitted: _____

Sender's Initials: _____

Number of Pages: 3

To: FBI Phoenix
(Name of Office)

Date: 3/14/91

Facsimile number: (103) 379-5511

Attn: _____
(Name Room Telephone No)

From: FBI Los Angeles (SARA)
(Name of Office)

Subject: Allegations Concerning U.S. Senators Alan Cranston;
ET AL; Corruption of Federal Public Officials-
Legislative; OO: Phoenix/Los Angeles.

Special Handling Instructions: _____

Originator's Name: SA

Telephone: (714) 542-8825

b6
b7C

Originator's Facsimile Number: (714) 542-8825

Approved: L. J. [Signature]

Sent 3/14/91 at 1:53 PM CS FB'DC

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/27/91

On March 15, 1991, [redacted] telephone number [redacted] attorney for [redacted] telephonically contacted Special Agent (SA) [redacted] and advised as follows:

b6
b7C
b7D

[redacted] stated approximately two days after his client, [redacted] was interviewed by SA [redacted] and SA [redacted] he was contacted by [redacted] and advised as to some additional information. The original interview of [redacted] took place [redacted]

[redacted] advised [redacted]

b6
b7C
b7D

[redacted]

[redacted]

Investigation on 3/15/91 at Santa Ana, California File # 58A-LA-111204
58C-PX-41605

by SA [redacted] lpt Date dictated 3/20/91

b6
b7C



FBI FACSIMILE COVERSHEET

CLASSIFICATION

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- Unclassified

Time Transmitted: _____

Sender's Initials: _____

Number of Pages: 10

To: Director, FBI

(Name of Office)

Date: 3/21/91

Facsimile number: (202) 324-~~4705~~ 6492

Attn: Public Corruption Unit, SSA

(Name)

Room

Telephone No



b6
b7C

From: FBI Los Angeles

(Name of Office)

Subject: Allegations Concerning U.S. Senators Alan Cranston, Et Al; Corruption of Public Officials - Legislative; OO: Phoenix/Los Angeles.

Special Handling Instructions: _____

Originator's Name: SA 

Telephone: (714) 542-8825

b6
b7C

Originator's Facsimile Number: (714) 542-8825

Approved: *L. D. [Signature]*



FBI FACSIMILE COVERSHEET

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- Immediate
- Priority
- Routine

- Top Secret
- Secret
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- Sensitive
- Unclassified

Time Transmitted: _____

Sender's Initials: _____

Number of Pages: 10

To: FBI Phoenix

(Name of Office)

Date: 3/21/91

Facsimile number: (602) 279-5511

Attn: _____

(Name)

Room

Telephone No.

From: FBI Los Angeles

(Name of Office)

Subject: Allegations Concerning U.S. Senators Alan Cranston, Et Al; Corruption of Public Officials - Legislative; OO: Phoenix/Los Angeles.

Special Handling Instructions: _____

Originator's Name: SA

Telephone: (714) 542-8825

Originator's Facsimile Number: (714) 542-8825

Approved: [Signature]

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/27/91

[redacted]
Northwest, Washington, D.C., telephone [redacted] attorney
for [redacted] telephoned the Santa Ana Office of the
FEDERAL BUREAU OF INVESTIGATION (FBI), and stated he wished to
clarify four points relating to [redacted] interview of February
28, 1991:

b6
b7C

[redacted] stated that [redacted] was told by LEE HENKEL that
[redacted] client, [redacted] had referred HENKEL to [redacted]
[redacted] explained that [redacted] could not say for certain that no
one at LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL) also spoke to
HENKEL about [redacted] before HENKEL retained [redacted] as his
attorney. [redacted] said [redacted] "just does not know" if there was
any such recommendation by LSL employees to HENKEL.

[redacted] advised that there exists a memorandum dated
August 7, 1986, written by HENKEL to AMERICAN CONTINENTAL
CORPORATION (ACC) regarding the evaluation of HENKEL's interest
in CONTINENTAL SOUTHERN, INC. (CSI). [redacted] said a copy of this
memorandum was placed in the Phoenix Document Depository by
[redacted] firm, [redacted] explained that HENKEL had
waived his attorney/client privilege, and that [redacted]
produced [redacted] copy of this memorandum, among other documents,
after HENKEL waived the privilege. [redacted] said [redacted] has no
recollection of having a copy of this memorandum during the time
she represented HENKEL, and [redacted] recalls that this memorandum
was given to her by HENKEL's attorney, [redacted] much later.
[redacted] stated that [redacted] had no other documentation relating to
the value of CSI during the time she represented HENKEL. [redacted]
said this HENKEL memorandum makes reference to advice given by
[redacted] that appraisals be obtained. [redacted] said [redacted]
recollection is that at the meeting she attended in Phoenix on
August 14 and 15, 1986, and she told those present that LSL
should not be negotiating the purchase of HENKEL's interest in
CSI.

b6
b7CInvestigation on 3/14/91 at Santa Ana, California

58A-LA-111204

File # 58C-PX-41605-181

by

SA [redacted]

lpt

Date dictated

3/21/91b6
b7C

58C-PX-41605

Continuation of FD-302 of

[REDACTED]

, On 3/14/91, Page 2

b6
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[REDACTED] stated that, in the [REDACTED] documents at the Phoenix Document Depository, there is an apparent one-page draft of a portion of the proposal HENKEL made at the FEDERAL HOME LOAN BANK BOARD meeting held on December 18, 1986. [REDACTED] said [REDACTED] remembers getting suggestions for changes to the HENKEL proposal from [REDACTED]

[REDACTED] stated that [REDACTED] does not remember having a conversation with [REDACTED] about HENKEL's December 18, 1986, proposal, but that she assumes that she had such a conversation, because she was told by HENKEL to contact [REDACTED]. [REDACTED] speculated that maybe [REDACTED] never reached [REDACTED] because [REDACTED] was unavailable.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/1/91

[redacted] Northwest, [redacted] Washington, D.C., telephone [redacted] was contacted by telephone as a follow-up to the interview of [redacted] held on November 16, 1990. [redacted] provided the following information:

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[redacted] was asked whether he could recall which staff member he spoke with in the final days of the Senate's 1986 session regarding the hold on Senator WILLIAM PROXMIRE's amendment limiting direct investments. [redacted] responded that he could not recall whom he spoke to, but that it would have been one of three members of the Democratic floor staff, namely [redacted] [redacted] said [redacted] was the head of the floor staff, and [redacted] were the staff members who generally handled holds.

[redacted] advised that the direct investment issue was never discussed in the Senate Banking Committee sessions, and it never became an issue before the Senate until October 1986. [redacted] stated that it was not until October 1986 that he became aware of Senator ALAN CRANSTON's interest in the direct investment issue.

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[redacted] was asked whether he could specify when the hold was placed on PROXMIRE's direct investment amendment in October 1986. [redacted] said he could not recall the exact date, but that he remembered it being "towards the middle" of the final week of the 1986 Senate session. [redacted] explained that previously, Senator ROBERT DOLE objected to language PROXMIRE had proposed regarding non-bank banks, because DOLE did not want any controversial amendments attached to the Federal Savings and Loan Insurance Corporation (FSLIC) recapitalization bill. [redacted] said that in the last week of the 1986 session, PROXMIRE met with Federal Home Loan Bank Board [redacted] and PROXMIRE told [redacted] that he would drop the non-bank bank language, and would reduce the recapitalization amount from \$15 billion to \$3 billion. [redacted] said PROXMIRE also told [redacted] that he intended to add a provision that would continue the direct investment limitations. [redacted] said [redacted] agreed with PROXMIRE's proposals,

Investigation on 3/26/91 at Santa Ana, California File # 58C-PX-41605-184
by SA [redacted] cpt Date dictated 3/26/91

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Continuation of FD-302 of [REDACTED]

, On 3/26/91, Page 2

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with the understanding that additional ESLIC recapitalization would be sought in the next session. [REDACTED] said PROXMIRE then discussed his revised proposal with Senator JAKE GARN, and GARN agreed with the revisions. [REDACTED] advised that PROXMIRE then announced his new proposal, and then a hold was placed on the bill. [REDACTED] said the hold appeared shortly after PROXMIRE's meeting with GRAY, either later the same day, or on the next day.

[REDACTED] advised that it was "not unheard of" for a staff member to place a statement in the Congressional Record without having the staff member's senator approving the statement. [REDACTED] said that he himself did so on some occasions when PROXMIRE was not available. [REDACTED] added that it was not unusual to have a lobbyist write a statement that was later inserted in the Congressional Record. [REDACTED] stated that the CRANSTON statement placed in the Congressional Record by [REDACTED] on March 27, 1987, was extraordinary in that the statement contradicted the floor manager's statement, and was inserted without the floor manager's knowledge.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/5/91

[redacted] the FEDERAL HOME LOAN BANK BOARD (FHLBB), was contacted by telephone and provided the following information:

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[redacted] was asked whether he recalled meeting with Senator WILLIAM PROXMIRE in October, 1986, regarding the FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) Recapitalization Bill that passed the Senate on the last day of the session, October 18, 1986. [redacted] responded that he did not recall meeting with PROXMIRE regarding that matter, but that he recalled a short telephone conversation with PROXMIRE, probably on the Wednesday, Thursday, or Friday, before Saturday, October 18, 1986. [redacted] said he was in his office at the FHLBB when he received the call from PROXMIRE, who [redacted] believes was calling from the Senate Cloak Room or Floor. [redacted] explained that the FHLBB had been advocating a five-year, \$15 billion recapitalization of FSLIC. In the telephone conversation, PROXMIRE asked [redacted] whether [redacted] would have a problem with \$3 billion for FSLIC for just the first year, and that PROXMIRE would attempt to obtain the additional \$12 billion the next year. [redacted] said he responded to PROXMIRE that if \$3 billion was the best PROXMIRE could get, that he would be satisfied with it.

[redacted] explained that, in connection with the FSLIC Recapitalization Bill, there was a fight between PROXMIRE and the Treasury Department, regarding the issue of non-bank banks. [redacted] said the Treasury Department was attempting to tie the non-bank bank issue to the \$15 billion FSLIC recapitalization, and so as a matter of strategy, PROXMIRE reduced the recapitalization amount to \$3 billion to postpone the non-bank bank issue. [redacted] said he was not certain whether PROXMIRE mentioned the non-bank bank issue in their telephone conversation, but that the non-bank bank issue was one [redacted] knew about.

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[redacted] recalled that about this time, PROXMIRE was publicly saying that if the FHLBB did not extend its regulation limiting direct investments, PROXMIRE would attempt to enact the limitation into law. [redacted] stated he thinks that PROXMIRE

Investigation on 3/28/91 at Santa Ana, California File # 58C-PX-41605-185
by [redacted] and [redacted] JAJ/lpt Date dictated 3/29/91

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mentioned the direct investment limitation in their telephone call, but that the main point of PROXMIRE's call was that the FSLIC recapitalization amount would be reduced to \$3 billion.

stated that the only meeting he recalled having with PROXMIRE in this time period occurred shortly before the White House announced the appointments of LEE HENKEL and to the FHLBB. added that it was at this meeting that PROXMIRE told him that the White House would appoint to the FHLBB.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/91

Former United States Senator WILLIAM PROXMIRE of Wisconsin was interviewed at his office, Room 225, Madison Building, Library of Congress, Washington, D.C., telephone (202) 479-4065. After having been advised of the interviewing agents' identities and the nature of the interview, PROXMIRE provided the following information:

PROXMIRE stated he was first elected to the United States Senate in 1957, and he retired at the end of 1988. For the periods 1976 through 1981, and 1987 through 1988, PROXMIRE was the Chairman of the Senate Banking Committee.

PROXMIRE was asked about his direct investment legislation attached to the FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) recapitalization bill in October, 1986, which direct investment language he dropped from the bill on the last day of the 1986 session. PROXMIRE stated he could not recall the particulars, but that he had a dim recollection that there was an anonymous hold on the FSLIC recapitalization bill, and that PROXMIRE dropped the direct investment language to accommodate Senator ALAN CRANSTON. PROXMIRE was asked how he knew that CRANSTON was the Senator who had placed the anonymous hold on the bill, and PROXMIRE responded that he did not know that it was CRANSTON, but that he had a "strong suspicion" that it was CRANSTON. PROXMIRE was shown his speech in the Congressional Record (at page S-17340) on October 18, 1986, where he stated that he dropped the direct investment language at the request of a "number of senators." PROXMIRE said he could not recall who these senators were, but that he may have been saying that CRANSTON was so emphatic in his opposition that it was as if there were a number of senators opposing the direct investment limitation. PROXMIRE added that the only senator whom PROXMIRE recalls opposing the direct investment limitation was CRANSTON. PROXMIRE stated he does not recall Senator ROBERT BYRD reading the questions asked of PROXMIRE on the senate floor on October 18, 1986, as having been written on a note pad that was later left at PROXMIRE's desk.

Investigation on 2/26/91 at Washington, D.C. File # 58C-PX-41605-186
 by SA [redacted] SA [redacted] and SA [redacted] JAJ/lpt Date dictated 3/5/91

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Continuation of FD-302 of WILLIAM PROXMIRE, On 2/26/91, Page 2

With respect to LEE HENKEL's appointment to the FEDERAL HOME LOAN BANK BOARD (FHLB) in 1986, PROXMIRE stated he could not recall anyone asking him to expedite the Senate Banking Committee's consideration of HENKEL's nomination, and that he did not think that would have occurred, because it was well known that PROXMIRE opposed HENKEL. PROXMIRE said he had no recollection of CRANSTON or CRANSTON's staff involved in the HENKEL nomination, but that they could have been.

PROXMIRE was asked about the circumstances of the amendment to the Competitive Equity Banking Act of 1987 that PROXMIRE offered on March 25, 1987, that would have added a provision authorizing the FSLIC to regulate the practices of state chartered savings institutions. PROXMIRE was reminded that on March 26, 1987, PROXMIRE deleted this provision and stated in the Congressional Record at page S-3961 that the provision was being deleted because the FSLIC already had the authority to issue such regulations under existing law. PROXMIRE stated he recalled that someone from CRANSTON's office, possibly [redacted] had argued against PROXMIRE's provision. PROXMIRE said he could not recall any conversation with CRANSTON regarding this matter, but there could have been such a conversation. PROXMIRE added that he was anxious to get this bill through the Senate, and he did not want it held up. PROXMIRE said he definitely recalled CRANSTON's opposition to PROXMIRE's legislation regarding FSLIC authority to regulate state chartered thrifts. PROXMIRE said he could not recall finding out about CRANSTON's statement in the Congressional Record on March 27, 1987, at page S-4060. PROXMIRE said CRANSTON's statement refuting PROXMIRE's previous statement that PROXMIRE's legislation would be redundant had "back-doored" PROXMIRE.

PROXMIRE stated that all association on the direct investment issue he recalls was with CRANSTON. PROXMIRE added that there could have been other senators who opposed direct investment limitations, but he did not know about them. PROXMIRE said CRANSTON was the only senator who had an interest in the direct investment issue, to PROXMIRE's knowledge.

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Continuation of FD-302 of WILLIAM PROXMIRE, On 2/26/91, Page 3

PROXMIRE stated it would be "unethical" for a senator to submit a lobbyist's statement into the Congressional Record as if the senator had made the statement. PROXMIRE was shown a colloquy in the Congressional Record at page S-11208 on August 4, 1987. PROXMIRE said there was "no way" that a lobbyist wrote any speech for PROXMIRE, but that PROXMIRE may have responded to CRANSTON's questions as set forth in the Congressional Record.

Routing Slip
FD-4 (Rev. 5-31-84)

Date 4/4/91

To: Director
Att.: _____

FILE # 58C-PX-41605

- SAC _____
- ASAC _____
- Supv. _____
- Agent _____
- OSM _____
- Rotor # _____
- Steno _____
- Typist USDOJ
- M _____
- Room _____

Title ALAN CRANSTON, et al

RE: _____

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| <input type="checkbox"/> Acknowledge | <input type="checkbox"/> For Information | <input type="checkbox"/> Return assignment card |
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| <input type="checkbox"/> Bring file | <input type="checkbox"/> Initial & return | |
| <input type="checkbox"/> Call me | <input type="checkbox"/> Leads need attention | <input type="checkbox"/> Return with action taken |
| <input type="checkbox"/> Correct | <input type="checkbox"/> Open case | <input type="checkbox"/> Return with explanation |
| <input type="checkbox"/> Deadline _____ | <input type="checkbox"/> Prepare lead cards | <input type="checkbox"/> Search and return |
| <input type="checkbox"/> Delinquent | <input type="checkbox"/> Prepare tickler | <input type="checkbox"/> See me |
| <input type="checkbox"/> Discontinue | <input type="checkbox"/> Recharge file <input type="checkbox"/> serial | <input type="checkbox"/> Type |
| <input type="checkbox"/> Expedite | | |
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At the request of AUSA [redacted] d
enclose copies of the following:

- 1) 302 of [redacted] 10/10-11/90
- 2) 302 of [redacted] 10/31/90
- 3) 302 of [redacted] 9/21/90
- 4) 302 of [redacted] 6/21/90
- 5) 302 of [redacted] 6/20/90
- 6) 302 of [redacted] 7/16/90
- 7) 302 of [redacted] 7/16/90

over →

SAG [redacted]

See reverse side

Office FBI-Santa Ana

- 8) 302 re [redacted] 7/20, 24/90
- 9) 302 of [redacted] 7/20/90
- 10) 302 of [redacted] 7/19/90
- 11) 302 of [redacted] 9/17/90
- 12) 302 of [redacted] 9/19/90
- 13) Misc. documents obtained from RIEGLE
- 14) Documents # G001786-8 obtained from GLENN
- 15) Misc. documents obtained from DECONCINI

Bob Bumpers of FBI - Phoenix may be sending you additional 302's.

Memorandum



To : SAC, LOS ANGELES (58C-PX-41605)
(SARA) (P)

Date 4/6/91

From : SA [redacted]

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Subject: ALAN CRANSTON;
ET AL;
OO: Los Angeles

I. THE PATTERN OF KEATING CONTRIBUTIONS AND CRANSTON SERVICES

A. OCTOBER, 1986 - DIRECT INVESTMENT LEGISLATION

THINGS OF VALUE RECEIVED BY PUBLIC OFFICIAL

CRANSTON sought re-election to the United States Senate on election day, 11/5/86. In 1985, KEATING and his associates contributed \$23,000 to CRANSTON's campaigns, and in early August, 1986, they contributed an additional \$11,000. On 10/8/86, AMERICAN CONTINENTAL CORPORATION (ACC) contributed \$35,000 to the California Democratic Party (CDP) Get-Out-The-Vote (GOTV) efforts, and on 10/14/86, ACC contributed an additional \$50,000. These contributions were solicited by CRANSTON and were primarily for his benefit. On approximately 10/17/86, [redacted] requested a \$350,000 line of credit from LINCOLN SAVINGS AND LOAN (LSL) for CRANSTON's campaign, and the line of credit was arranged within a week, although CRANSTON never drew on the line of credit.

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OFFICIAL ACTS

On approximately 10/17/86, at ACC's request, CRANSTON put an anonymous "hold" on the FSLIC recapitalization bill pending in the Senate, until Senator PROXMIRE agreed on 10/18/86 to drop a provision in the bill limiting direct investments. Sometime in September or October of 1986, CRANSTON asked PROXMIRE if there was some way to get KEATING's choice, LEE HENKEL, confirmed by the Senate to the FHLBB before adjournment on 10/18/86.

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NEXUS BETWEEN OFFICIAL ACT AND THINGS OF VALUE RECEIVED
BY PUBLIC OFFICIALS

[redacted] has advised that [redacted]
[redacted]

[redacted]

[redacted]

[redacted] LSL paralegal [redacted] who
traveled from Phoenix to Los Angeles to obtain CRANSTON's
signature on the loan documents, was instructed by her supervisor
to not mention CRANSTON's name on her travel voucher.

B. MARCH - APRIL, 1987 - LEGISLATIVE AND REGULATORY HELP

THINGS OF VALUE

On 3/3/87, KEATING contributed \$100,000 of LSL funds to
USA Votes, a partisan organization founded by CRANSTON for the
purpose of raising funds for voter registration projects.

OFFICIAL ACTS

On 3/18/87, LSL sued the FHLBB, challenging the FHLBB's
authority to issue regulations limiting direct investments by
state-chartered institutions such as LSL. Because of this
lawsuit, Senator PROXMIRE proposed, on 3/25/87, an amendment to
his FSLIC recapitalization bill that would have clarified FSLIC's
authority to regulate direct investments of state-chartered
institutions. On 3/26/87, CRANSTON demanded of PROXMIRE that
this amendment be dropped, and PROXMIRE did so, but only after
stating for the record that the amendment was unnecessary,
because FSLIC already had such authority. On 3/27/86, CRANSTON's
[redacted] submitted for publication to the
Congressional Record a CRANSTON statement, written by LSL outside
attorney [redacted] that disputed PROXMIRE's statement of
FSLIC's authority. [redacted] statement was later cited in LSL's
litigation with the FHLBB.

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On 4/2/87, CRANSTON and three other senators met with [redacted] to discuss LSL's regulatory woes. One week later, on 4/9/87, four senators met with San Francisco bank regulators regarding LSL. CRANSTON briefly attended the meeting and expressed agreement with the other senators' concerns.

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NEXUS

CRANSTON's services on LSL's behalf occurred within 37 or fewer days after LSL's \$100,000 check to USA Votes was written.

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C. NOVEMBER, 1987 - LEGISLATIVE AND REGULATORY HELP

THINGS OF VALUE

On 9/24/87, CRANSTON solicited KEATING to contribute \$250,000 to CRANSTON's voter registration projects and on 11/6/87, KEATING aide [redacted] delivered to CRANSTON two ACC checks, one to USA Votes for \$25,000 and one to FORUM INSTITUTE for \$225,000. FORUM INSTITUTE was a tax-exempt organization revitalized by CRANSTON, and it provided substantially all of the funding for the tax-exempt ORGANIZING INSTITUTE, which was founded by [redacted] in 1987, and for tax reasons, could not directly receive contributions until later.

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OFFICIAL ACTS

Six days after receiving the \$250,000 on 11/12/87, CRANSTON telephoned FHLBB [redacted] and urged a quick resolution of the examination of LSL. On 5/1/87, the FEDERAL HOME LOAN BANK OF SAN FRANCISCO, which had conducted the LSL examinations, had recommended that LSL be placed in conservatorship, but the FHLBB had not yet acted on the recommendation.

On 11/13/87, CRANSTON wrote a letter to Senator BENTSEN proposing that the Internal Revenue Code's definition of a thrift qualifying for favorable income tax treatment be amended, to permit institutions with substantial direct investments such as LSL to qualify. This apparently resulted from [redacted] lobbying of CRANSTON's staff, and [redacted] has stated that CRANSTON's office produced what was requested by him.

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NEXUS

[redacted]

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In CRANSTON's letter to KEATING dated 10/6/87, CRANSTON confirmed KEATING's pledge to contribute \$250,000 to voter registration. In the letter's opening paragraph, CRANSTON wrote, "It was a pleasure to see you....and to hear that your meeting with [redacted] had gone so well."

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D. EARLY 1988 - REGULATORY INTERFERENCE

THINGS OF VALUE

On 1/8/88, KEATING dined with [redacted] when [redacted] solicited a contribution for [redacted] tax-exempt, voter-registration group, The Center For Participation In Democracy (CPD). On 2/10/88, [redacted] visited ACC in Phoenix, Arizona, and KEATING gave them two ACC checks, one payable to CPD for \$400,000 and one payable to FORUM INSTITUTE for \$100,000.

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OFFICIAL ACTS

At the 1/8/88 dinner meeting, KEATING had asked CRANSTON to arrange a meeting for KEATING with [redacted]. On 1/20/88, CRANSTON called [redacted] and suggested that [redacted] meet with KEATING on 1/28/88, and [redacted] did so. CRANSTON had another telephone conversation with [redacted] on 4/21/88 regarding LSL, and CRANSTON's notes indicate that [redacted] informed CRANSTON that the Enforcement Review Committee had met and would make a recommendation very soon.

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NEXUS



E. EARLY 1989 - ATTEMPTED SALE OF LSL

THINGS OF VALUE

In approximately February, 1989, KEATING pledged an additional \$100,000 for CRANSTON's voter registration groups, but KEATING postponed payment until after LSL was sold, so the \$100,000 was never contributed. On 1/10/89, ACC contributed \$10,000 to CRANSTON's PAC, Committee for a Democratic Consensus, in connection with a Super Bowl event.

OFFICIAL ACTS

In early 1989, KEATING tried several times to sell LSL, but the FHLBB would not approve the sales, and the FHLBB eventually seized LSL on 4/14/89.

CRANSTON and [redacted] met with KEATING and [redacted] on 2/7/89. On 2/8/89, [redacted] telephoned FHLBB regulator [redacted] demanding to know why the LSL sale had not yet been approved. CRANSTON called [redacted] the

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same day regarding the LSL sale. On 4/12/89, CRANSTON called both [redacted] and FHLBB [redacted] and urged consideration of JOHN ROUSSELOT's offer to buy LSL. On 4/13/89, CRANSTON urged the third FHLBB [redacted] to hear prospective LSL buyer ROUSSELOT's offer and to consider the effect of ACC's bankruptcy on California, Arizona, and the FSLIC. After the FHLBB seized LSL on 4/14/89, CRANSTON tells [redacted] that the FHLBB made a serious mistake.

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NEXUS

On 12/14/88, KEATING met CRANSTON and [redacted] in Los Angeles for dinner, and CRANSTON greeted KEATING by characterizing the dinner as a meeting of the mutual aid society.

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II. ADDITIONAL EVIDENCE OF CRIMINAL INTENT

A. CRANSTON'S STATE OF MIND

[redacted]

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In his Senate Select Committee on Ethics deposition on 4/30/90, CRANSTON explained that a contributor has "a better chance to get access" than a noncontributor (page 219). In a telephone interview with reporter MARK STERN on 10/2/89, CRANSTON explained that there never should be a "quid pro quo to a contribution," and "the most" a contribution "is supposed to and expected to get somebody is access if they have a problem." CRANSTON added that a supporter has "a right to present a case to you and any constituent has except you can't see every constituent. So access goes to those who have been helpful..." (Transcript is CRANSTON document #80000040.) In his Ethics Committee deposition (at page 341), CRANSTON conceded that KEATING had "almost total access" to CRANSTON and his staff.

CRANSTON commonly had [redacted] present for meetings with KEATING and other businessmen seeking CRANSTON's services. [redacted]

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[redacted]

B. KEATING'S AND [REDACTED] STATE OF MIND

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In a prepared statement delivered on 4/17/89, the Monday following ACC's bankruptcy filing, KEATING said, "One question...had to do with whether my financial support in any way influenced several political figures to take up my cause. I want to say in the most forceful way I can: I certainly hope so."

In his FBI interview on 10/11/90, [REDACTED] said that

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C. HISTORY OF CRANSTON'S POSITION ON DIRECT INVESTMENTS

In July, 1984, CRANSTON wrote (apparently not at LSL's request) to FHLBB [REDACTED] requesting that [REDACTED] defer adoption of the proposed regulation limiting direct investments "until Congress and affected institutions have had an opportunity for greater consideration of this subject." [REDACTED]

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[REDACTED] On 1/31/85, CRANSTON wrote [REDACTED] requesting that the comment period on the direct investment regulation be extended from 30 days to 90 days. In this letter, CRANSTON said he was "sympathetic" with the FHLBB's concerns that unrestricted direct investments may threaten the FSLIC, and that "reasonable regulatory controls" to protect the FSLIC were appropriate.

Thus, CRANSTON's opposition to direct investment limitations developed after 1/31/85, about the same time he was establishing a relationship with ACC/LSL and other similarly minded institutions.

D. USA VOTES FUNDED SOME OF CRANSTON'S TRAVEL AND MEAL EXPENSES

In 1987, LSL/ACC contributed \$125,000 to USA Votes, CRANSTON's partisan organization designed to raise funds for voter registration groups. This was a sizable contribution in that USA Votes' 1987 expenditures were only \$190,000. USA Votes reimbursed CRANSTON for his fundraising expenses, which totalled \$16,472.98 (according to USA Votes) in travel, lodging, and meals from 5/5/87 through 10/14/88. In addition, USA Votes reimbursed [redacted] for some of his expenses in attending the Democratic Party's National Convention in 1988, totalling \$612.33.

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III. [redacted] EVIDENCE

[redacted]

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[redacted]

IV. [redacted] EVIDENCE

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[redacted]

[redacted]



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V. ADDITIONAL INVESTIGATION CONTEMPLATED

A. Attempt to identify and interview the California Democratic Party (CDP) Official who is familiar with ACC's 1986 contribution to the CDP.

B. Interview Senator BYRD's floor staff members who may be knowledgeable about the hold(s) on PROXMIRE's 1986 FSLIC recapitalization bill.

C. Interview former LSL employees [redacted] and [redacted] regarding circumstances of the 1986 LSL line of credit to CRANSTON, and the reason for the secrecy surrounding it.

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D. Review appropriate Senate Ethics Committee transcripts and exhibits, particularly the transcripts of testimony of [redacted] RIEGLE, DECONCINI, MCCAIN, and GLENN.

E. Re-interview [redacted]

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F. Interview GLENN regarding his "hold" on PROXMIRE's 1986 direct investment legislation, to determine if he was aware of CRANSTON's involvement.

G. Interview CRANSTON.

H. Interview [redacted] and CHARLES KEATING, if and when they become available.

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58C-PX-41605

I. Consider locating other individuals who may have solicited CRANSTON's services in connection with contributions, such as:

1. E. GALLO, Modesto, California - contributed \$200,000 to CRANSTON's voter registration project in 1987 - 1988.

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2. [redacted] Los Angeles, California - CRANSTON may have interceded with FHLBB [redacted] in 1988 in connection with [redacted] attempt to acquire TAHOE SAVINGS.

3. [redacted]

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J. Interview CRANSTON's [redacted] regarding the LSL line of credit and the \$85,000 contribution to the California Democratic Party.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/91

[redacted] was interviewed in the presence of his attorney. [redacted]

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[redacted] Northwest, [redacted] Washington, D.C., telephone [redacted] After having been advised of the interviewing agents' identities and the nature of the interview, [redacted] provided the following information:

[redacted] said he was born on [redacted] and his Social Security Number is [redacted] He resides at [redacted] [redacted] Washington, D.C.

[redacted] advised that after law school, [redacted]

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[redacted]

[redacted]

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[redacted]

Investigation on 2/27/91 at Washington, D.C. File # 58C-PX-41605 -190
SA [redacted] and SA [redacted]
by [redacted] JAJ/caw Date dictated 3/6/91

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/12/91

United States Senator ROBERT BYRD of West Virginia was interviewed by appointment in his office in Room S-128 of the United States Capitol, Washington, D.C. After becoming aware of the interviewing agents' identities and the nature of the interview, BYRD provided the following information:

BYRD was asked whether he recalled the circumstances of Senator WILLIAM PROXMIRE's withdrawal of a provision limiting direct investments by thrift institutions from the Federal Savings and Loan Insurance Corporation (FSLIC) recapitalization bill that passed the Senate on the last day of the 1986 session on October 18, 1986. BYRD responded that he did not remember anything about the direct investment legislation. BYRD was shown a copy of Page S-17340 of The Congressional Record for October 18, 1986, showing that BYRD asked PROXMIRE whether the FSLIC recapitalization bill contained any language limiting direct investments by thrifts, and PROXMIRE responded that he had removed such language at the request of a number of senators. BYRD said he had no recollection of this particular occasion, and that this was one of the thousands of times he did this sort of thing as the party leader. BYRD added that he had no interest in the direct investment legislation. With respect to his statements in The Congressional Record at Page S-17340, BYRD stated that somebody probably wrote the questions for him, because he knew very little about this legislation. BYRD stated that he does not know [redacted]

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BYRD stated he had no recollection of which senator or senators may have placed a hold on the FSLIC recapitalization bill. BYRD was asked whether there might be a staff member who would recall which senator had placed a hold, and BYRD said he could not identify a particular staff member on the Democratic Policy Committee staff or on the "floor staff" who would be knowledgeable about this.

BYRD explained that sometimes a senator's staff member would telephone the floor staff and put a "hold" on a bill, but a hold would not necessarily mean that the bill would not be called up to the floor. BYRD explained that his practice as Majority

Investigation on 2/27/91 at Washington, D.C. File # 58C-PX-41605-190X1
 by INSPI. [redacted] SA [redacted] and SA [redacted] Date dictated 3/6/91
 JAJ/clm

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Continuation of FD-302 of ROBERT BYRD, On 2/27/91, Page 2

Leader was to merely contact a senator who had a hold on a bill before he brought it up on the floor. BYRD said that a threat of a filibuster in the last days of a session could keep a bill from being called up to the floor.

BYRD explained that a particular senator's hold on a bill was a confidential matter between that senator and the floor staff. Therefore, BYRD would not disclose to other senators who has placed a hold on a particular bill. BYRD said he would not ordinarily reveal the reason for a hold, but he conceded that his floor staff might do so.

BYRD was asked whether there would be any record of a hold placed on the FSLIC recapitalization bill, and BYRD responded that there would be no such record, and BYRD explained that he discards his daily calendar, which indicates the holds.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/18/91

[redacted] was interviewed in the presence of her attorney, [redacted] Northwest, Washington, D.C., telephone [redacted] After having been advised of the interviewing agents' identities and the nature of the interview, [redacted] provided the following information:

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[redacted] said she was born on [redacted] at New York, New York. Her Social Security Number is [redacted] She resides at [redacted] Washington, D.C. 20008, telephone [redacted]

[redacted] stated she is associated with the law firm of SIDLEY AND AUSTIN, 1722 I Street Northwest, Washington, D.C., telephone [redacted] stated she joined SIDLEY AND AUSTIN in January 1986, and she specialized in banking. [redacted]

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[redacted] at the Treasury Department, where she reported to [redacted]

[redacted] said LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL) initially hired SIDLEY AND AUSTIN Attorney [redacted] sometime in 1986.

[redacted] advised that in 1986, she was retained by LEE HENKEL to assist in HENKEL's compliance with ethics requirements in connection with HENKEL's possible appointment to the Federal Home Loan Bank Board (FHLBB). [redacted] said HENKEL told her that he had been referred to [redacted] by [redacted]

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[redacted] was asked whether she recalled meeting with CHARLES KEATING in Washington, D.C. on July 29, 1986. [redacted] said she recalled meeting with KEATING and other individuals from AMERICAN CONTINENTAL CORPORATION (ACC) at about that time.

[redacted] explained that [redacted] was ACC's main contact at SIDLEY AND AUSTIN, and that this meeting had presumably been arranged by [redacted] stated that at this meeting, KEATING described his unhappiness with the FHLBB. [redacted] said she did not recall HENKEL being mentioned in this meeting. She does not know

Investigation on 2/28/91 at Washington, D.C. File # 58C-PX-41605 - 191
by SA [redacted] SA [redacted] and SA [redacted] JAJ/caw Date dictated 3/8/91

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whether minutes were taken of this meeting. [REDACTED] stated that she was later called by someone at ACC and invited to visit Phoenix to discuss the FHLBB issues and to see the ACC facilities. [REDACTED] said she was told HENKEL would be at ACC in Phoenix at the same time. [REDACTED] stated she later learned that in late July, SIDLEY AND AUSTIN Attorneys [REDACTED] and [REDACTED] had attended a meeting at ACC in Phoenix, where they had met HENKEL. [REDACTED] explained that [REDACTED] were litigators and they were working on litigation regarding the direct investment rule. [REDACTED] said there was no discussion of HENKEL with [REDACTED]

[REDACTED] stated she did travel to Phoenix and met with HENKEL and ACC personnel on August 15, 1986. Also present was [REDACTED] of HENKEL's law firm in Atlanta, but [REDACTED] was uncertain as to whom [REDACTED] was representing. At this meeting, [REDACTED] explained the ethics rules to the ACC/LSL people and to HENKEL as it relates to HENKEL's appointment to the FHLBB. [REDACTED] stated that she stressed at this meeting that everything would be examined carefully by the White House, and any sales of HENKEL's interest must be at arm's length and must have supporting appraisals. [REDACTED] said she did not recall discussing the value of HENKEL's CONTINENTAL SOUTHERN, INC. (CSI) stock. [REDACTED] added that she did not know the financial relationship between CSI and LSL at that time. [REDACTED] stated that at this meeting, she was representing ACC and she believes that she billed ACC for her time. [REDACTED] added that this meeting with HENKEL lasted only approximately one hour, and that the rest of her day was spent at ACC on other matters.

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[REDACTED] advised that when HENKEL first telephoned her to ask if she would represent him in the appointment process, she checked with a SIDLEY AND AUSTIN partner to determine whether there would be a conflict if she represented HENKEL in completing his ethics forms, but it was determined that there would be no conflict if she did not represent HENKEL in the negotiations to divest HENKEL of his assets related to LSL.

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[REDACTED] advised that in her representation of HENKEL, she sent him form SF-278 and the White House Financial Disclosure Forms. [REDACTED] said HENKEL mentioned to her that he had financial connections with LSL. [REDACTED] said she initially advised HENKEL that divestiture of his connections with LSL may be necessary, but she did not initially have enough information to give HENKEL

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specific advice on divestiture. [REDACTED] said she did not recall HENKEL mentioning the value of his CSI stock.

[REDACTED] explained that the next routine step in the process of representing HENKEL was to meet with the appropriate White House personnel to review HENKEL's disclosure forms.

[REDACTED] said she telephoned [REDACTED] who referred her to [REDACTED]. [REDACTED] said she also spoke with [REDACTED] and the White House wanted HENKEL's guarantees of the LSL loans to be released. [REDACTED] stated she believed HENKEL's own law firm represented HENKEL on the negotiations with LSL relating to the guarantee releases. [REDACTED] explained that after the White House Counsel gives its recommendation, the file is passed on to the Office of Government Ethics (OGE). [REDACTED] recalled discussing with OGE the idea of a blind trust for HENKEL, but she does not recall who first suggested it, OGE or [REDACTED]. [REDACTED] recalled that suddenly the HENKEL nomination process had to be expedited, because the White House wanted to make a recess appointment.

[REDACTED] said HENKEL then took quick action to place his assets in a blind trust. [REDACTED] said discussions of the sale of HENKEL's CSI stock had occurred before the creation of the blind trust, but she was unaware of any discussions between ACC and HENKEL other than general discussions that sale of the CSI stock was an option. [REDACTED] stated she was not in any meetings where the CSI stock sale was negotiated, and she does not recall discussing a specific value of HENKEL's CSI stock with HENKEL. [REDACTED] added that she knew from HENKEL's disclosure forms that HENKEL had valued his interest in CSI as being worth over \$250,000. [REDACTED] said she was not involved in the selection of the trustee for HENKEL's blind trust. [REDACTED] stated she was not involved in the sale of HENKEL's CSI stock after it had been placed in the blind trust. [REDACTED] said she discussed with OGE the type of person required to be the trustee of the blind trust, and that she never met the trustee. [REDACTED] said she was unaware at the time that the trustee was arranging to sell the CSI stock, and she did not know which individuals were involved in the CSI sale negotiations. [REDACTED] added that she was not informed that the CSI stock was sold by the blind trust, and she does not recall when she first learned of the CSI stock sale. [REDACTED] added she was not consulted before the CSI stock sale had occurred on any matter, even ethical considerations.

[REDACTED] stated she did no lobbying whatsoever regarding the HENKEL nomination at the White House or on Capitol Hill.

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_____ said she knew ACC was supporting HENKEL, but she did not know what ACC was doing to assist the HENKEL nomination.

_____ advised that HENKEL telephoned her on the morning of December 18, 1986, and stated he had hand written a proposal and asked _____ if she could have her office type the proposal. _____ said HENKEL also asked her to review the proposal for format and the like. _____ stated HENKEL also requested that _____ send a copy of the proposal to _____. _____ said HENKEL told her that he did not want a FHLBB secretary to type the proposal, because he feared that the proposal might be leaked within the FHLBB. _____ said HENKEL's personal secretary was unavailable to type the proposal. _____ could not recall why HENKEL was concerned about a leak. _____ added that she did not know if HENKEL had decided whether he would make this proposal at the FHLBB meeting scheduled for the afternoon of December 18, 1986. _____ stated HENKEL's administrative assistant, _____ brought the handwritten proposal to SIDLEY AND AUSTIN to be typed. _____ added that she was surprised that HENKEL had contacted her on this matter, because she thought that she was no longer representing HENKEL.

_____ said she was uncertain whether HENKEL sent over his opening comments or merely the proposal. _____ said her secretary typed the proposal. _____ said she had no previous knowledge of HENKEL's proposal, nor had she discussed the proposal with HENKEL before December 18, 1986.

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_____ explained that she was intending to attend the FHLBB meeting on the afternoon of December 18, 1986, on behalf of LSL. _____ said _____ was in Washington to attend the FHLBB meeting also. _____ advised that on the morning of December 18, 1986, _____ telephoned _____ and _____ told _____ that HENKEL was sending over a proposal to be typed. _____ said she did not know why she told _____ about the HENKEL proposal, and she believed that he was unaware of the proposal until she told him about it. _____ said _____ asked questions about the proposal, and _____ told _____ what was in the HENKEL proposal. _____ said _____ pointed out that the direct investment rule was not within her expertise, and _____ suggested that _____ call _____ for advice. _____ said that she did not know at the time that _____ was representing LSL, and she thought _____ was someone whom GROGAN felt was an expert on the direct investment rule. _____ said she knew

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Continuation of FD-302 of [REDACTED]

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[REDACTED] previously, and had conversations with [REDACTED] during the HENKEL nomination process, because [REDACTED] had represented the Association of Thrift Holding Companies (ATHC), which was supporting the HENKEL nomination.

[REDACTED] recalled talking with [REDACTED] on two occasions on December 18, 1986, once before she sent [REDACTED] the HENKEL proposal and once after [REDACTED] had reviewed the HENKEL proposal and had made suggested changes, specifically on the grandfathering provision. [REDACTED] said [REDACTED] told her that [REDACTED] had more than one client who had grandfathering problems, and that grandfathering was an industry-wide problem. [REDACTED] added that [REDACTED] also made some suggested changes to the HENKEL proposal, but [REDACTED] does not recall whether the [REDACTED] suggestions were incorporated in the HENKEL proposal. [REDACTED] stated she believes she also talked with [REDACTED] about the HENKEL proposal, and she did not recall whether [REDACTED] had any suggested changes. [REDACTED] stated that whatever changes were suggested, she discussed them with HENKEL, and HENKEL approved the changes. [REDACTED] said she does not recall telling HENKEL that she had talked with [REDACTED] added that she does not believe she made any changes of the HENKEL proposal on her own. [REDACTED] recalled that the HENKEL proposal was typed at her office more than once, and she believes that HENKEL rejected most of the suggested changes. Those changes HENKEL did incorporate were not much different from what HENKEL had in his original proposal. [REDACTED] said she does not have the various drafts of the HENKEL proposal and she does not know whether she discarded them or returned them to HENKEL. [REDACTED] said she did not recall whether her office Xeroxed the final HENKEL proposal, or whether that was handled by HENKEL. [REDACTED] said her recollection is that her secretary returned the typed and modified proposal to HENKEL before the FHLBB meeting on December 18, 1986.

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Special Agent [REDACTED] was not present for the remainder of the interview.

[REDACTED] advised that she suggested changes to other parts of the HENKEL proposal, not just to the grandfathering provisions. [REDACTED] said these were minor changes, and she was not sure they were adopted by HENKEL. [REDACTED] explained that when HENKEL first spoke to her about his proposal, HENKEL asked her to review the proposal and have it typed. [REDACTED] said she sensed

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Continuation of FD-302 of [REDACTED]

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that HENKEL wanted a review of the proposal's grammar and a general review of whether the proposal made sense.

[REDACTED] advised that in her final telephone conversation with HENKEL before the December 18, 1986 meeting of the FHLBB, [REDACTED] asked HENKEL how he arrived at his proposal, and HENKEL responded that he had reviewed the submissions to the FHLBB and had had discussions with people in the industry. [REDACTED] said HENKEL told her that the problems addressed by his proposal were industry-wide. [REDACTED] said she was concerned that the problems addressed by the HENKEL proposal be industry-wide, so she had specifically asked HENKEL if they were industry-wide problems. [REDACTED] said HENKEL asked her to attend the FHLBB meeting on December 18, 1986, but HENKEL did not say why he wanted her to attend and [REDACTED] did not know why either. [REDACTED] added that she was planning to attend the FHLBB meeting anyway, on behalf of ACC.

[REDACTED] stated she attended the FHLBB meeting on December 18, 1986, and she may have walked to the meeting with [REDACTED] and she cannot recall whether she sat with [REDACTED] at the meeting. [REDACTED] stated she simply observed the meeting and there were no public speakers. After the meeting, she returned to her law office with [REDACTED] without speaking with HENKEL. From her office, [REDACTED] telephoned ACC (probably [REDACTED]) to relate what had happened at the FHLBB meeting, and [REDACTED] was present when [REDACTED] made this call.

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[REDACTED] advised that she may have lobbied FHLBB member [REDACTED] to get a hearing on the direct investment rule, which was the SIDLEY AND AUSTIN approach on this matter. [REDACTED] said she did not discuss the HENKEL proposal with [REDACTED]

[REDACTED] advised that she billed her time revising the HENKEL proposal on the morning of December 18, 1986, and attending the FHLBB on December 18, 1986, to HENKEL. [REDACTED] added that since HENKEL waived his attorney-client privilege, her billings to HENKEL and other HENKEL-related documents were placed in the PHOENIX DOCUMENT DEPOSITORY in mid-January 1991.

[REDACTED] stated that the Wall Street Journal story about HENKEL that was published on approximately December 24, 1986, was a "big shock" to her because it included confidential information about LSL's direct investments and confidential ethics

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Continuation of FD-302 of [REDACTED]

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information regarding HENKEL. [REDACTED] stated that after the Wall Street Journal story was published, she had conversations with both HENKEL and [REDACTED] mainly about the source of this confidential information that was published in the story. [REDACTED] recalled that they were also concerned that the grandfathering issue was inaccurately portrayed in the Wall Street Journal article, because the grandfathering problem really was industry-wide and not limited to LSL.

[REDACTED] explained that "nobody asked" whether a LSL representative had seen the HENKEL proposal before the December 18, 1986 meeting, and, to her knowledge, that was not an issue after the Wall Street Journal article was published. [REDACTED] said she was not a party to any discussions of how HENKEL or LSL should respond to the Wall Street Journal article, and that her only recollection on this point was that ACC wanted it clarified that the grandfathering problem was industry-wide. [REDACTED] said HENKEL talked with her regarding Senator PROXMIRE's request for an Inspector General's investigation and [REDACTED] recommended that HENKEL retain Attorney [REDACTED]. [REDACTED] said she had no involvement in the White House inquiry into HENKEL.

[REDACTED] stated that HENKEL was aware of LSL's grandfathering problems before the December 18, 1986 FHLBB meeting, because [REDACTED] had asked her to inform HENKEL that LSL had a grandfathering problem, and [REDACTED] did so inform HENKEL in person at a reception. [REDACTED] said this occurred sometime after HENKEL was sworn in as a member of the FHLBB and before December 18, 1986. [REDACTED] said the grandfathering problem was the only issue [REDACTED] asked [REDACTED] to relate to HENKEL. [REDACTED] explained that when she did so, she felt she was no longer representing HENKEL and it seemed normal to convey to HENKEL LSL's problems as they related to the FHLBB's rule making.

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[REDACTED] advised that she attended a meeting with KEATING at the FEDERAL HOME LOAN BANK OF SEATTLE in February, 1988. [REDACTED] said she did not remember KEATING talking about HENKEL at this meeting, but that KEATING may have done so.

[REDACTED] stated that only on one occasion did anyone from ACC/LSL ask her to make a political contribution. On this one occasion, she believed [REDACTED] asked her to contribute to a candidate for Governor of Arizona and she contributed approximately \$100. [REDACTED] said her partner, [REDACTED] was also

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Continuation of FD-302 of [REDACTED]

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asked by ACC/LSL to contribute to this candidate. [REDACTED] stated that she did no political fundraising at the request of ACC/LSL.

[REDACTED] advised that she had no contact with Senators CRANSTON, DECONCINI, RIEGLE, McCAIN, or GLENN, or their staffs, in connection with ACC or LSL.

[REDACTED] advised that she was not aware of any political pressure placed on the FHLBB during the 1988 negotiations between LSL and the FHLBB. [REDACTED] was asked about her letter to KEATING dated May 10, 1988, where she stated that she had "put pressure on [REDACTED] to work toward meeting your demands." [REDACTED] stated that she had never spoken to [REDACTED] and that the "pressure" she was referring to in her letter was negotiating pressure she had placed on [REDACTED] staff. [REDACTED] explained that on May 10, 1988, [REDACTED] had telephoned her and stated that KEATING was outraged because KEATING thought the negotiations with the FHLBB had been completed, and KEATING was considering reinstating his lawsuit against the FHLBB. [REDACTED] said [REDACTED] told her that KEATING felt betrayed by [REDACTED] in that KEATING thought LSL had previously reached an agreement with [REDACTED] and now [REDACTED] wished to negotiate further. [REDACTED] said [REDACTED] also told her that [REDACTED] would do the further negotiations with the FHLBB, because KEATING thought [REDACTED] had not been aggressive enough with the FHLBB. [REDACTED] explained that she was angry and wanted to get credit for what she had done on behalf of LSL, and she wished to encourage KEATING to keep negotiating with the FHLBB. Consequently, her May 10 letter was written in anger in an effort to show her aggressiveness. [REDACTED] said KEATING thought that the FHLBB's May 5 vote was a yes or no vote on the agreement with LSL, and not a vote that the FHLBB should begin further negotiations with LSL. [REDACTED] said she was unaware that [REDACTED] had contacted the FHLBB on behalf of LSL on May 6, 1988. [REDACTED] stated she was not referring to political pressure in her letter dated May 10, 1988. [REDACTED] added that she heard no comments from anyone at the FHLBB about political pressure having been placed on the FHLBB on behalf of LSL. [REDACTED] said that after May 10, 1988, she was not involved in the negotiations between LSL and the FHLBB.

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[REDACTED] was asked whether she had any knowledge about a statement placed in The Congressional Record by CRANSTON in March, 1987, that was designed to assist LSL in its litigation with the FHLBB. [REDACTED] responded that she remembered discussing

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Continuation of FD-302 of

[REDACTED]

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with [REDACTED] whether it would be useful in LSL's litigation with the FHLBB to have a statement in The Congressional Record saying that the FHLBB did not have authority to issue the regulation that was the subject of the litigation, so that this statement would "cancel out" language in The Congressional Record that supported the FHLBB's position that it had such authority.

[REDACTED] said she told [REDACTED] that it would be useful to have such language in The Congressional Record, but that it was not that important, because this language would not be contemporaneous with the legislation that was the subject of the litigation.

[REDACTED] stated that her only contact with anyone on Capitol Hill on behalf of ACC/LSL was with Congressman HUBBARD's staff regarding [REDACTED] travel expenses.

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FM FBI PHOENIX (58C-PX-41605) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES/ROUTINE/

BT

UNCLAS

CITE: //3630:0004//

PASS: PUBLIC CORRUPTION UNIT, ATTN: SSA [REDACTED] ATTN:

SANTA ANA RA.

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SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,
ET AL; CHARLES H. KEATING, JR. DBA LINCOLN SAVINGS AND LOAN
ASSOCIATION, AMERICAN CONTINENTAL CORPORATION; CORRUPTION OF
PUBLIC OFFICIALS-LEGISLATIVE; OO: PX/LA.

A MEETING WAS HELD ON 4/15/91 IN THE OFFICE OF THE U.S.
ATTORNEY IN LOS ANGELES. ALSO PRESENT WAS DEPARTMENTAL
ATTORNEY [REDACTED] [REDACTED] AND AUSA [REDACTED]

[REDACTED]

John
by

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TELETYPE

[REDACTED]

4/20/91

PAGE TWO DE FBIPX 0005 UNCLAS

AFTER REVIEW OF EVIDENCE REGARDING SUBJECTS, REQUESTED THE
ADDITIONAL FOLLOWING INTERVIEWS BE CONDUCTED:

[REDACTED] SENATOR DENNIS DE CONCINI. 2) [REDACTED]

[REDACTED] SENATOR DON RIEGLE.

ATTORNEYS [REDACTED] AND [REDACTED] ALSO REQUESTED THAT
CHARITABLE CONTRIBUTIONS MADE BY KEATING TO ORGANIZATIONS THAT
ARE AFFILIATED WITH DE CONCINI [REDACTED] OR ANY
LINKAGE BETWEEN DATES OF CONTRIBUTION AND OFFICIAL ACTS BE
FURNISHED. PHOENIX INTENDS TO CONTACT DE CONCINI'S ATTORNEY
AND ASK THAT THE IDENTITY OF THESE CHARITIES BE PROVIDED TO
THE FBI.

UACB, PHOENIX WILL INITIATE COVERAGE OF THE ABOVE LEADS.

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FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 5/7/91

1 TO : SAC, LOS ANGELES

2 FROM : SAC, PHOENIX (58C-PX-41605) (P)

3 SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS

4 ALAN CRANSTON, ET AL;

5 CHARLES H. KEATING, JR., DBA

6 LINCOLN SAVINGS AND LOAN ASSOCIATION,

7 CALIFORNIA AND AMERICAN CONTINENTAL

8 CORPORATION, PHOENIX ARIZONA;

9 CORRUPT PUBLIC OFFICIALS- LEGISLATIVE;

10 OO:PX

9 Enclosed under separate cover to Santa Ana R.A.

10 Attention: SA [redacted] is evidence that was reviewed by SA

11 [redacted] and has been requested to be sent to Santa Ana.

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11 Items of evidence is marked as follows: 1B(25),

12 (27), (34), (44), (45), (46), (47), (50), (51), (59) item R-1,

13 R-2, R-4, 1B(62) item 1, 3, and 4, 1B(65) item 6, 9, and 14.

17

18 ② - Los Angeles (1 package copy)

19 (ATTN SA [redacted])

20 2 - Phoenix

21 JDN/skl

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SARA

58C-PX-41605-194

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 08 1991	

Approved: JFA  Transmitted _____ (Number) _____ (Time)



FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/30/91

[redacted] date of birth (dob) [redacted] was interviewed at the office of the United States Attorney, Los Angeles, California. Present during the entire interview were Assistant U.S. Attorney (AUSA) [redacted] Special Assistant U.S. Attorney [redacted] a legal assistant for [redacted] attorneys [redacted] [redacted] Los Angeles, California, [redacted] [redacted] After having been advised of the interviewing agents' identities and the nature of the interview, [redacted] provided the following information:

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[Redacted block]

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[Redacted block]

Investigation on 4/23/91 at Los Angeles, California File # 58A-LA-111204
56C-LA-101615
58C-PX-41605 - 195
 by SA [redacted] and SA [redacted] JAJ/rs Date dictated 4/25/91

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/14/91

[redacted] was interviewed at his place of business, [redacted] Phoenix, Arizona, telephone [redacted]. After having been advised of the interviewing agents' identities and the nature of the interview, [redacted] provided the following information:

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[redacted] said he was born on [redacted]. His social security number is [redacted]. He resides at [redacted] Phoenix, Arizona.

[redacted] was asked whether he had any additions or changes to the transcript of his deposition before the United States Senate Select Committee on Ethics taken on July 23, 1990. [redacted] responded that he had no changes or additions, with one exception. [redacted] said he had observed on television a portion of [redacted] testimony before the Senate Ethics Committee, that [redacted] testified he had asked [redacted] to telephone the customer to ask what should be done with the customer's documents relating to the proposed line of credit to ALAN CRANSTON in the fall of 1986. [redacted] said this refreshed his recollection, and he had a "vague recollection" that [redacted] had suggested to [redacted] that [redacted] should telephone the customer and ask what should be done with the CRANSTON loan documents. [redacted] explained that [redacted] strongly felt there was no reason to keep the CRANSTON loan documents, and that it was "stupid" to keep them.

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[redacted] advised that in the fall of 1986, [redacted] told him that CRANSTON or CRANSTON's campaign needed a loan, and that LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL) might make the loan. [redacted] said he was contacted to prepare the loan documents for the CRANSTON loan. [redacted] said he could not recall whether the loan terms were initially stated, or whether they were fleshed out over the next couple of days. [redacted] explained that it was not his job to establish loan terms, and that he probably asked [redacted] or possibly [redacted] what the loan terms would be. [redacted] added that he definitely did not negotiate the terms himself, although he may have discussed the terms with a CRANSTON representative by telephone. [redacted] recalled speaking to a female CRANSTON representative, name unrecalled, about the CRANSTON

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Investigation on 4/30/91 at Phoenix, Arizona File # 58C-PX-41605 -196
by SA [redacted] and SA [redacted] (JAJ/bas) Date dictated 5/3/91

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58C-PX-41605

Continuation of FD-302 of [redacted], On 4/30/91, Page 2

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loan. [redacted] recalled that he had been attempting to contact her for some time, and finally reached her in California. [redacted] characterized this CRANSTON representative as being short and rude, and [redacted] said the representative "could have responded" that the proposed loan was more expensive than she thought it would be. [redacted] added that her rudeness seemed odd for a representative of a customer seeking a loan.

[redacted] advised that the proposed loan to CRANSTON was unusual in that few LSL loans were made to individuals. [redacted] said that he could remember only two other LSL loans to individuals, and these were loans made to [redacted] and [redacted]. [redacted] added that there could have been other LSL loans to individuals, and he recalls another small loan that possibly never closed, to an individual whose name [redacted] could not recall.

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[redacted] said he recalled a sense of urgency about the CRANSTON loan, but [redacted] could not recall the source of the urgency. [redacted] said CRANSTON was busy campaigning at the time, and that the proposed loan was possibly to cover "indirect" campaign expenses, possibly advertising expenses. [redacted] said he thought the campaign expenses might be paid out of CRANSTON's personal funds.

[redacted] said he never spoke with [redacted]
[redacted]

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[redacted] advised that it was not unusual to have points and fees on a loan, especially a commercial loan, but that it was not necessarily always the case. [redacted] explained that the standard LSL letter of credit agreement would have required the borrower to pay for LSL's out of pocket expenses. [redacted] said he could not remember whether any appraisals were done for the CRANSTON line of credit. [redacted] explained that it was difficult to say what was common for LSL, because he considered the proposed CRANSTON loan to be extraordinary, because there were so few LSL loans to individuals. [redacted] added that most LSL loans had a loan fee or commitment fee, and that the borrower paid appraisal fees at the time of closing. [redacted] said the CRANSTON proposed loan was easy to document, and that the loan was simpler than most, and that it was complicated only because it had to be done quickly.

58C-PX-41605

Continuation of FD-302 of _____, On 4/30/91, Page 3

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_____ said it was important that as the proposed CRANSTON loan was being documented, that no LSL employee reveal the loan to outsiders. _____ stated that he believes this concern for confidentiality originated with _____. _____ said that he could not remember any conversation with _____ or anyone else about this concern for confidentiality. _____ stated that, although _____ was supervised by him, _____ had no knowledge of any instructions given to _____ that she not reveal on her travel voucher that she had traveled to Los Angeles in connection with the CRANSTON loan. _____ added he could not understand why anyone would give such an instruction to _____ because _____ knew the loan was legal. _____ recalled that _____ had arranged the travel and other logistics of having _____ meet with CRANSTON in Los Angeles at the last minute.

_____ said that he felt the proposed CRANSTON loan was never approved by the LSL Loan Committee, and therefore he considered it as only a loan application that was withdrawn before it was approved.

_____ said he felt the proposed CRANSTON loan was a "stupid" transaction for LSL. _____ explained that he felt that if the CRANSTON loan were made, then the regulators would find it and would leak the information to the media with the innuendo that the loan was made in consideration for a favor from CRANSTON. _____ said that this would be a source of embarrassment for LSL and for CRANSTON, if this information became public, and that this was why he felt the transaction was "stupid" and why the loan documents were destroyed. _____ added that there was no legal obligation to keep the loan documents. _____ said he had no knowledge of any CRANSTON favor that was to be exchanged for the CRANSTON loan.

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_____ stated that it was not fair to say that the CRANSTON loan was expedited, because under the LSL philosophy, all loan applications were urgent. _____ said it was somewhat unusual to send an LSL employee to the borrower with the loan documents, as had been done with CRANSTON, but that this was not the only time that had occurred.

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With respect to _____ involvement in the CRANSTON loan, _____ repeated that he recalled _____ involved in the logistics of obtaining CRANSTON's signature on the loan papers. _____ said he could not recall whether he discussed the loan

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Continuation of FD-302 of [REDACTED], On 4/30/91, Page 4

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terms with [REDACTED] but that he would not be surprised if he done so.

[REDACTED] advised that he was not aware of the \$85,000.00 contributed by ACC to the California Democratic Party for CRANSTON's benefit until he learned it by watching the Senate Ethics Committee hearings in 1990.

[REDACTED] said he was certain that he was part of conversations with [REDACTED] about the politicians [REDACTED] had been lobbying, but [REDACTED] could not recall any specific instances. [REDACTED] said he did not know that [REDACTED] and CHARLES KEATING attended CRANSTON's election night party in 1986, and [REDACTED] said he never heard anyone quote CRANSTON as saying that KEATING was CRANSTON's "best friend."

[REDACTED] explained that he believed [REDACTED] primary function was to lobby, and thus he assumed that [REDACTED] had had contact with CRANSTON's office periodically, because CRANSTON was a senator from California, home of LSL. [REDACTED] said he had no knowledge of any specific issues in regard to which [REDACTED] may have contacted CRANSTON's office, but [REDACTED] said he assumed that direct investments was an issue [REDACTED] lobbied CRANSTON on.

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[REDACTED] stated that it was common knowledge in the ACC office at the time that ACC lobbied to get LEE HENKEL appointed to the FEDERAL HOME LOAN BANK BOARD (FHLBB). [REDACTED] stated he had no reason to believe that the purchase of HENKEL's stock in CONTINENTAL SOUTHERN, INC. (CSI) was not at arm's length. [REDACTED] said he and [REDACTED] were involved in preparing the documentation for the release of HENKEL's guarantees, and he had no reason to believe that these releases were also not at arm's length. [REDACTED] said he believed that [REDACTED] had told [REDACTED] or [REDACTED] that the releases needed to be given, but [REDACTED] could not recall who had told him what price HENKEL would pay for the releases. [REDACTED] said he recalled that the Ocean Dunes loan was a "troubled loan" and would require restructuring because the borrower could not make the payments. [REDACTED] said he could not recall dealing with anyone representing HENKEL in connection with the guarantee releases, but that it is possible that he did so, and he just cannot recall.

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[REDACTED] stated that he never questioned the accuracy of any appraisals he had reviewed, except for in 1987 or 1988, he

58C-PX-41605

Continuation of FD-302 of , On 4/30/91, Page 5

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reviewed an appraisal of Continental Ranch, and because he believed that it was not accurate, the appraisal was redone.

Memorandum



To : SAC, LOS ANGELES (58C-PX-41605)
(SARA) (P)

Date 5/3/91

From : SA [redacted]

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Sub ect: UNITED STATES SENATORS
ALAN CRANSTON, DENNIS DECONCINI,
JOHN GLENN, JOHN MCCAIN,
DONALD RIEGLE;
CHARLES H. KEATING, dba
LINCOLN SAVINGS AND LOAN ASSOCIATION,
Irvine, California, and
AMERICAN CONTINENTAL CORPORATION,
Phoenix, Arizona;
CORRUPTION OF FEDERAL OFFICIALS - LEGISLATIVE;
OO: Phoenix/Los Angeles

On April 15, 1991, a meeting was held at the U.S.
Attorney's Office in Los Angeles to discuss referenced matter.
In attendance were AUSA [redacted] DOJ Public Integrity
Section Attorney [redacted] FBI HQ Supervisor [redacted]
Phoenix Supervisor [redacted] Phoenix Case Agent [redacted]
[redacted] Los Angeles Supervisor [redacted] and Los Angeles
Special Agents [redacted] and [redacted] At this
meeting, [redacted] summarized the evidence against CRANSTON.
[redacted] and [redacted] opined that [redacted]

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JAJ/caw
(2)

58C-PX-41605-197

MAY 29 1991
FBI - LOS ANGELES
[Signature]

58C-PX-41605-180
M J

MAR 1991

~~_____~~ J

58C-PK-41605/87

SEARCHED	INDEXED
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APR 6 1991	
FBI - LOS ANGELES	

[Handwritten signature]

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[REDACTED]

[REDACTED] then summarized the evidence against RIEGLE.
[REDACTED] suggested that [REDACTED]

[REDACTED]

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[REDACTED] then reviewed the evidence against DECONCINI.
[REDACTED] stated that [REDACTED]

[REDACTED]

[REDACTED] requested that [REDACTED] review the RIEGLE and DECONCINI evidence, and then prepare written summaries.

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Although [REDACTED] did not formally decline prosecution of McCAIN and GLENN, [REDACTED] stated that his inclination was to eventually do so, and that no further investigation of McCAIN and GLENN would be appropriate.

A follow-up meeting was scheduled for June 7, 1991, at 10:00 AM.

58C-PX-41605
NDE/ajs

[REDACTED]

UNITED STATES SENATORS ALAN CRANSTON,
DENNIS DE CONCINI, JOHN GLENN,
JOHN McCain, DONALD RIEGLE;
CHARLES H. KEATING, dba
LINCOLN SAVINGS AND LOAN ASSOCIATION, IRVINE,
CALIFORNIA, and AMERICAN CONTINENTAL CORPORATION,
PHOENIX, ARIZONA
CORRUPTION OF FEDERAL OFFICIALS - LEGISLATIVE
OO: PHOENIX
OO; LOS ANGELES
58C-PX-41605

On April, 30, 1991, [REDACTED] advised Special Agent
[REDACTED] that [REDACTED]

[REDACTED]

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58C-PX-41605-198

SEARCHED	INDEXED
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JUN 3 1991	
LOS ANGELES	

[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 5/30/91

Forwarded to recipients on 6/12/91 Jey

FM FBI LOS ANGELES (58C-PX-41605) (SARA-3) (P)

TO FBI DETROIT/ROUTINE/ 10:12 a.m.

FBI WMFO/ROUTINE/ 10:05 a.m.

BT

UNCLAS

CITE: //3410:0670//

INFO: FBI PHOENIX (58C-PX-41605) 9:57 a.m.

SUBJECT: ALLEGATIONS CONCERNING U S SENATORS ALAN CRANSTON, DENNIS D. DECONCINI, JOHN GLENN, JOHN MCCAIN, DONALD RIEGLE; CHARLES H. KEATING, JR, DBA LINCOLN SAVINGS AND LOAN ASSOCIATION, IRVINE, CALIFORNIA, AND AMERICAN CONTINENTAL CORPORATION, PHOENIX, ARIZONA; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES.

RE WMFO AIRTEL TO LOS ANGELES DATED 3/15/91.

FOR INFORMATION, ONE ASPECT OF THIS INVESTIGATION INVOLVES

JAS/clm

58C-PX-41605-199

SEARCHED _____

INDEXED _____

SERIALIZED 9

FILED 4

Approved: [Signature]

Transmitted _____ (Number) _____ (Time)

Per _____

ALLEGATIONS THAT SENATOR DONALD RIEGLE INTERVENED ON BEHALF ON AMERICAN CONTINENTAL CORPORATION'S (ACC) LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL) WITH THE FEDERAL HOME LOAN BANK BOARD (FHLBB) AS A RESULT OF ACC/LSL EMPLOYEES CONTRIBUTING APPROXIMATELY \$78,000 TO RIEGLE'S REELECTION CAMPAIGN IN MARCH, 1987. CHARLES KEATING FIRST MET RIEGLE AT THE OPENING OF ACC'S HOTEL PONTCHARTRAIN IN DETROIT, MICHIGAN, ON 3/1/86. AT A MEETING ON 1/28/87, WITH RIEGLE AND [REDACTED]

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[REDACTED] KEATING OFFERED TO ORGANIZE AND SPONSOR A FUND RAISING EVENT FOR RIEGLE. THIS FUND RAISING LUNCHEON WAS HELD AT THE HOTEL PONTCHARTRAIN ON 3/23/87, RESULTING IN \$95,150 RAISED FOR RIEGLE'S CAMPAIGN, OF WHICH \$78,250 WAS GIVEN BY PERSONS CONNECTED TO ACC/LSL. WHILE IN PHOENIX ON UNRELATED BUSINESS, RIEGLE AND [REDACTED] MET WITH KEATING ON 3/8/87, AND 3/9/87.

MOST KNOWLEDGEABLE WITNESSES HAVE TESTIFIED THAT RIEGLE ARRANGED A MEETING FOR SENATORS DECONCINI, MCCAIN, GLENN, AND CRANSTON, WITH FHLBB [REDACTED] ON 4/2/87, ALTHOUGH RIEGLE DENIES HAVING ARRANGED THIS MEETING OR HAVING ANY PRIOR KNOWLEDGE OF THIS MEETING. RIEGLE ADMITS THAT HE MET WITH [REDACTED] ON 3/6/87, AND SUGGESTED TO [REDACTED] THAT [REDACTED] SHOULD MEET WITH THE ARIZONA SENATORS REGARDING LSL. RIEGLE THEN

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ATTENDED A FOLLOW UP MEETING WITH THE SAN FRANCISCO REGULATORS AND THE OTHER SENATORS ON 4/9/87.

RIEGLE APPARENTLY ALSO ASSISTED LSL IN THE FALL OF 1987, IN CONNECTION WITH A PROPOSED AMENDMENT TO THE INTERNAL REVENUE CODE'S "QUALIFIED THRIFT LENDER TEST."

ON OR ABOUT 2/22/88, KEATING AGREED TO SPONSOR ANOTHER FUND RAISING EVENT FOR RIEGLE TO BE HELD IN NEW YORK ON 5/10 OR 5/11, WITH THE GOAL OF RAISING \$100,000 FOR RIEGLE'S CAMPAIGN. SHORTLY THEREAFTER, A NEWSPAPER REPORTED THAT RIEGLE HAD RECEIVED THE BULK OF THE FUNDS RAISED AT THE 1987 HOTEL PONTCHARTRAIN EVENT FROM KEATING FAMILY AND ACC/LSLA EMPLOYEES. ON OR ABOUT 3/11/88, RIEGLE RETURNED CONTRIBUTIONS MADE BY KEATING AND HIS FAMILY AND ASSOCIATES TALLING \$76,100.

KEATING'S DISSATISFACTION WITH THE FHLBB IN EARLY 1987, RELATED PRIMARILY TO TWO EVENTS: 1. THE FHLBB'S REGULATION THAT LIMITED HOW MUCH A THRIFT COULD INVEST IN "DIRECT INVESTMENTS", THAT IS, ASSETS OTHER THAN HOME MORTGAGES; 2. THE LENGTH AND SEVERITY OF THE FHLBB'S EXAMINATION OF LSLA.

IN CONNECTION WITH THE 1987 HOTEL PONTCHARTRAIN EVENT, RIEGLE'S STAFF PROVIDED ACC/LSL WITH A LIST OF NAMES AND ADDRESSES OF APPROXIMATELY 400 MICHIGAN CONTRIBUTORS WHO

HAD PREVIOUSLY CONTRIBUTED \$500 OR MORE TO RIEGLE'S CAMPAIGNS. RIEGLE CLAIMS THAT HE THOUGHT THE MONEY RAISED AT THE HOTEL PONTCHARTRAIN EVENT CAME FROM THE MICHIGAN CONTRIBUTORS, AND HE WAS SURPRISED TO READ IN THE NEWSPAPER ALMOST A YEAR LATER THAT MOST OF THE FUNDS CAME FROM KEATING FAMILY AND ASSOCIATES. RIEGLE TESTIFIED UNDER OATH BEFORE THE SENATE ETHICS COMMITTEE THAT, UNTIL HE READ THIS NEWSPAPER ARTICLE IN 1988, HE DID NOT KNOW THAT KEATING FAMILY AND ASSOCIATES HAD CONTRIBUTED SO MUCH TO HIS CAMPAIGN IN 1987.

AT LEAST \$25,000 OF THE \$78,250 CONTRIBUTED BY KEATING, FRIENDS AND ASSOCIATES WAS COLLECTED BY ACC LOBBYIST [REDACTED] [REDACTED] IN LATE FEBRUARY OR EARLY MARCH, 1987, AND GIVEN TO DECONCINI FUND RAISER [REDACTED] [REDACTED] IN TURN SENT THE CHECKS TO DECONCINI, WHO FORWARDED THEM TO RIEGLE. FOR FEDERAL ELECTION COMMISSION (FEC) PURPOSES, EACH CONTRIBUTOR'S EMPLOYER WAS IDENTIFIED. ALL THE KEATING-AFFILIATED CONTRIBUTORS HAD LISTED EMPLOYERS OBVIOUSLY ASSOCIATED WITH ACC/LSLA, AND THEY ALL LISTED THE SAME BUSINESS ADDRESS, IN COMMUNICATIONS WITH [REDACTED]

[REDACTED] RIEGLE'S 1988 CAMPAIGN. FROM JANUARY, 1983, TO JUNE, 1988, [REDACTED] A MEMBER OF RIEGLE'S PERSONAL STAFF. FROM AUGUST, 1987, TO

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MAY, 1988, SHE WORKED BOTH FOR RIEGLE'S REELECTION CAMPAIGN AND FOR RIEGLE'S OFFICIAL SENATE BUSINESS. [REDACTED] HELPED ARRANGE THE HOTEL PONTCHARTRAIN EVENT ON MARCH 23, 1987.

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ACCORDING TO AN AFFIDAVIT SHE PREPARED FOR THE SENATE ETHICS COMMITTEE, [REDACTED] RECEIVED A TELEPHONE CALL FROM [REDACTED] ON OR ABOUT 2/22/88. [REDACTED] TOLD [REDACTED] THAT ACC WISHED TO ORGANIZE A FUND RAISING EVENT TO BE HELD IN NEW YORK ON MAY 10, OR 11, 1988, FOR RIEGLE'S BENEFIT. [REDACTED] STATED THAT HE CONTEMPLATED SOLICITING ATTENDENCE AT THE EVENT FROM ACC'S CONTACTS IN NEW YORK, AND HE PROJECTED A GOAL OF RAISING APPROXIMATELY \$100,000. [REDACTED] WROTE THIS INFORMATION ON A "FUND RAISING EVENT REQUEST" DATED 2/22/88. [REDACTED] ALSO WROTE ON THIS FORM THAT "WE KNOW KEATING CAN PRODUCE" THE \$100,000. IN HER AFFIDAVIT, [REDACTED] SAID SHE BASED THIS STATEMENT ON HER KNOWLEDGE THAT APPROXIMATELY \$100,000 HAD BEEN RAISED AT THE HOTEL PONTCHARTRAIN EVENT A YEAR EARLIER. THIS NEW YORK EVENT NEVER OCCURRED, BECAUSE OF THE NEWSPAPER ARTICLE EXPOSING THE RIEGLE/KEATING CONNECTION.

[REDACTED] WAS [REDACTED] THE RIEGLE FOR SENATE COMMITTEE IN 1987. [REDACTED] SIGNED THE REPORT THAT THE RIEGLE COMMITTEE SUBMITTED TO THE FEC FOR THE FIRST SIX MONTHS OF 1987. IN THIS REPORT, THE CONTRIBUTIONS

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RAISED IN CONNECTION WITH THE HOTEL PONTCHARTRAIN EVENT WERE LISTED BY CONTRIBUTOR'S NAME, ADDRESS, AND EMPLOYER.

LEAD, DETROIT DIVISION AT DETROIT, MICHIGAN: INTERVIEW

[REDACTED] DETROIT, MICHIGAN, 48203, REGARDING THE PROCEDURES FOR COLLECTING THE HOTEL PONTCHARTRAIN EVENT CONTRIBUTIONS, AND REPORTING THEM TO THE FEC. DETERMINE WHO ACTUALLY PREPARED THE FEC REPORT FOR THE FIRST HALF OF 1987. DETERMINE WHETHER [REDACTED] WAS AWARE THAT APPROXIMATELY 3/4 OF THE HOTEL PONTCHARTRAIN FUNDS WERE RAISED FROM KEATING FAMILY AND ASSOCIATES AND, IF SO, HOW SHE LEARNED OF THIS FACT. DETERMINE WHETHER [REDACTED] DISCUSSED THE FUNDS RAISED BY KEATING WITH RIEGLE [REDACTED] OR [REDACTED] DETERMINE WHETHER [REDACTED] HAS ANY REASON TO BELIEVE RIEGLE KNEW OF THE MAGNITUDE OF THE CONTRIBUTIONS FROM KEATING ASSOCIATES BEFORE THE NEWSPAPER ARTICLE WAS PUBLISHED IN 1988.

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WMFO AT FALLS CHURCH, VIRGINIA: INTERVIEW [REDACTED]

[REDACTED] FALLS CHURCH, VIRGINIA 22044, TELEPHONE [REDACTED] INTERVIEW SHOULD INCLUDE THE FOLLOWING POINTS:

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1. CIRCUMSTANCES AND DETAILS OF [REDACTED] ONE MEETING WITH KEATING AND APPROXIMATELY SIX MEETINGS WITH [REDACTED]. DID

SHE HAVE ANY TELEPHONE CONVERSATIONS WITH KEATING, [] OR ANYONE ELSE AT ACC/LSL? DID [] OR ANYONE ELSE AT ACC/LSL DISCUSS WITH HER THE PROBLEMS OF LSL, OR REQUEST ANY ASSISTANCE FROM HER?

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2. DID [] ATTEND THE KEATING/RIEGLE MEETING ON 1/28/87? IF SO, WHAT DOES SHE RECALL ABOUT THE MEETING? IF NOT, WHAT DID SHE LATER LEARN ABOUT THE MEETING? WHEN, IF EVER, DID SHE BECOME AWARE OF LSL'S REQUEST FOR RIEGLE'S ASSISTANCE WITH THE FHLBB?

3. BEFORE THE NEWSPAPER ARTICLE WAS PUBLISHED IN 1988, HOW MUCH OF THE \$95,150 RAISED AT THE HOTEL PONTCHARTRAIN EVENT DID SHE BELIEVE CAME FROM KEATING FAMILY, ASSOCIATES, AND EMPLOYEES? DID SHE EVER DISCUSS THE SOURCE OF THESE FUNDS WITH RIEGLE, [] OR ANYONE ELSE? WHAT WAS THE PROCEDURE FOR PROCESSING THE PONTCHARTRAIN EVENT FUNDS AND PREPARING THE FEC REPORTS?

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4. HAS [] EVER SPOKE WITH CRANSTON FUND RAISER [] [] CRANSTON AIDE [] OR ANYONE ELSE ON CRANSTON'S STAFF REGARDING KEATING, ACC, OR LSL?

5. HAS [] EVER SPOKE WITH ANY STAFF MEMBER OR OTHER REPRESENTATIVE OF SENATORS DECONCINI, MCCAIN, OR GLENN REGARDING KEATING, ACC, OR LSL?

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R 181447Z JUN 91

FM FBI DETROIT (58C-PX-41605) (P) (C-3)

TO FBI PHOENIX/ROUTINE/

FBI LOS ANGELES/ROUTINE/

FBI WMFO/ROUTINE/

BT

UNCLAS E F T O

CITE: //3220//

JUN 18 6 37 AM '91

TELETYPE ROOM

SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON, DENNIS D. DECONCINI, JOHN GLENN, JOHN MCCAIN, DONALD RIEGLE; CHARLES H. KEATING, JR., DOING BUSINESS AS LINCOLN SAVINGS AND LOAN ASSOCIATION, IRVINE, CALIFORNIA, AND AMERICAN CONTINENTAL CORPORATION, PHOENIX, ARIZONA; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES.

RE LOS ANGELES TELETYPE, DATED MAY 30, 1991.

ON JUNE 17, 1991,

[Redacted]

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58C-PX-41605-200

TELETYPE

[Redacted]

[Handwritten signatures]

PAGE TWO DE FBIDE 0001 UNCLAS E F T O

RIEGLE FOR SENATOR COMMITTEE IN 1987, WAS INTERVIEWED BY THE
DETROIT FBI. BASICALLY, [REDACTED] STATED SHE WAS NOTHING MORE
THAN A "FIGUREHEAD" AND CLAIMED SHE NEVER HAD ANY
RESPONSIBILITY FOR THE COLLECTION OF ANY TYPE OF CAMPAIGN
FUNDS WHATSOEVER. [REDACTED] STATED [REDACTED] WHO WAS A STAFF
MEMBER OF RIEGLE'S WHO WAS IN WASHINGTON, D.C., WAS THE
INDIVIDUAL RESPONSIBLE FOR THE COLLECTION AND HANDLING OF
RIEGLE'S CAMPAIGN FUNDS. [REDACTED] CLAIMED [REDACTED] WAS THE
ONLY MEMBER OF RIEGLE'S STAFF SHE EVER COMMUNICATED WITH.

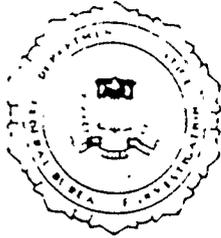
b6
b7c

FD-302 AND AIRTEL WILL EXPEDITIOUSLY BE FORWARDED TO
PHOENIX.

BT

#0001

NNNN



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- Immediate
- Priority
- Routine

- Top Secret
- Secret
- Confidential
- Sensitive
- Unclassified

Time Transmitted: 10:05a 6/12/91
 Sender's Initials: JAS
 Number of Pages: 8

To: FBI WMFO

Date 5/30/91

Facsimile number: 202/324-6426

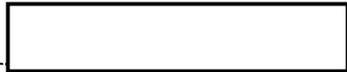
Attn: C-9 / NVMRA

From: FBI Los Angeles

Subject: Allegations Concerning US Senators Alan Cranston;
ET AL;
OO: Phoenix / Los Angeles

Special Handling Instructions _____

Originator's Name: SA



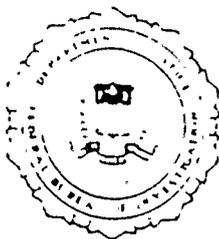
Telephone



Originator's Facsimile Number:



Approved: JAS



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- Immediate
- Priority
- Routine

- Top Secret
- Secret
- Confidential
- Sensitive
- Unclassified

Time Transmitted: 9:57am 6/12/91
 Sender's Initials: JAS
 Number of Pages: 8

To: FBI Phoenix

Date 5/30/91

Facsimile number: 602/279-5511

Attn:

From: FBI Los Angeles

Subject: Allegations Concerning US Senator Alan Cranston;
ET AL;
OO: Phoenix

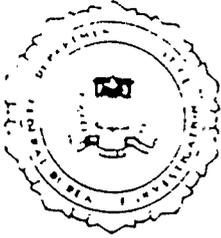
Special Handling Instructions

Originator's Name: SA

Telephone (714) 542-8827

Originator's Facsimile Number

Approved: [Signature]



FBI FACSIMILE COVERSHEET

CLASSIFICATION

PRECEDENCE

- Immediate
- Priority
- Routine

- Top Secret
- Secret
- Confidential
- Sensitive
- Unclassified

Time Transmitted: 10:12am 6/12/91
 Sender's Initials: JMS
 Number of Pages: 8

To: FBI Detroit

Date 5/30/91

Facsimile number: 313/965-2323

Attn: _____
(Name Room Telephone No.)

From: FBI Los Angeles

Subject: Allegations Concerning US Senators Alan Cranston;
ET AL;
OO: Phoenix/Los Angeles

Special Handling Instructions _____

Originator's Name: SA

Telephone (714) 542-8825

Originator's Facsimile Number: (714) 542-8825

Approved: *[Signature]*

Memorandum



To : SAC, LOS ANGELES (58C-PX-41605)
(SARA) (P)

Date 7/2/91

From : SA [redacted]

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Subject: ALAN CRANSTON;
ET AL;
OO: Phoenix/Los Angeles

I. THE PATTERN OF KEATING CONTRIBUTIONS AND CRANSTON SERVICES

A. OCTOBER, 1986 - DIRECT INVESTMENT LEGISLATION

THINGS OF VALUE RECEIVED BY PUBLIC OFFICIAL

CRANSTON sought re-election to the United States Senate on election day, 11/5/86. In 1985, KEATING and his associates contributed \$23,000 to CRANSTON's campaigns, and in early August, 1986, they contributed an additional \$11,000. On 10/8/86, AMERICAN CONTINENTAL CORPORATION (ACC) contributed \$35,000 to the California Democratic Party (CDP) Get-Out-The-Vote (GOTV) efforts, and on 10/14/86, ACC contributed an additional \$50,000. These contributions were solicited by CRANSTON and were primarily for his benefit. On approximately 10/17/86, CRANSTON's [redacted] requested a \$300,000 line of credit from LINCOLN SAVINGS AND LOAN (LSL) for CRANSTON's campaign, and the unsecured line of credit was arranged within a week, although CRANSTON never drew on the line of credit.

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OFFICIAL ACTS

On approximately 10/17/86, at ACC's request, CRANSTON and GLENN put an anonymous "hold" on the FSLIC recapitalization bill pending in the Senate, until Senator PROXMIRE agreed on 10/18/86 to drop a provision in the bill limiting direct investments. Sometime in September or October of 1986, CRANSTON asked PROXMIRE if there was some way to get KEATING's choice, LEE HENKEL, confirmed by the Senate to the FHLBB before adjournment on 10/18/86.

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[Signature]

NEXUS BETWEEN OFFICIAL ACT AND THINGS OF VALUE RECEIVED
BY PUBLIC OFFICIALS

[redacted] has advised that [redacted]
[redacted]
[redacted]
[redacted]

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B. MARCH - APRIL, 1987 - LEGISLATIVE AND REGULATORY HELP

THINGS OF VALUE

On 3/3/87, KEATING contributed \$100,000 of LSL funds to USA Votes, a partisan organization founded by CRANSTON for the purpose of raising funds for voter registration projects.

OFFICIAL ACTS

On 3/18/87, LSL sued the FHLBB, challenging the FHLBB's authority to issue regulations limiting direct investments by state-chartered institutions such as LSL. Because of this lawsuit, Senator PROXMIRE proposed, on 3/25/87, an amendment to his FSLIC recapitalization bill that would have clarified FSLIC's authority to regulate direct investments of state-chartered institutions. On 3/26/87, CRANSTON demanded of PROXMIRE that this amendment be dropped, and PROXMIRE did so, but only after stating for the record that the amendment was unnecessary, because FSLIC already had such authority. On 3/27/86, CRANSTON's [redacted] submitted for publication to the Congressional Record a CRANSTON statement, [redacted] [redacted] that disputed PROXMIRE's statement of FSLIC's authority. CRANSTON's statement was later cited in LSL's litigation with the FHLBB.

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On 4/2/87, CRANSTON and three other senators met with FHLBB [redacted] to discuss LSL's regulatory woes. One week later, on 4/9/87, four senators met with San Francisco bank regulators regarding LSL. CRANSTON briefly attended the meeting and expressed agreement with the other senators' concerns.

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NEXUS

CRANSTON's services on LSL's behalf occurred within 37 or fewer days after LSL's \$100,000 check to USA Votes was written.

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C. NOVEMBER, 1987 - LEGISLATIVE AND REGULATORY HELP

THINGS OF VALUE

On 9/24/87, CRANSTON solicited KEATING to contribute \$250,000 to CRANSTON's voter registration projects and on 11/6/87, KEATING aide [redacted] delivered to CRANSTON two ACC checks, one to USA Votes for \$25,000 and one to FORUM INSTITUTE for \$225,000. FORUM INSTITUTE was a tax-exempt organization revitalized by CRANSTON, and it provided substantially all of the funding for the tax-exempt ORGANIZING INSTITUTE, which was founded by CRANSTON's [redacted] in 1987, and for tax reasons, could not directly receive contributions until later.

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OFFICIAL ACTS

Six days after receiving the \$250,000 on 11/12/87, CRANSTON telephoned FHLBB [redacted] and urged a quick resolution of the examination of LSL. On 5/1/87, the FEDERAL HOME LOAN BANK OF SAN FRANCISCO, which had conducted the LSL examinations, had recommended that LSL be placed in conservatorship, but the FHLBB had not yet acted on the recommendation.

On 11/13/87, CRANSTON wrote a letter to Senator BENTSEN proposing that the Internal Revenue Code's definition of a thrift qualifying for favorable income tax treatment be amended, to permit institutions with substantial direct investments such as LSL to qualify. [REDACTED]

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NEXUS

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In CRANSTON's letter to KEATING dated 10/6/87, CRANSTON confirmed KEATING's pledge to contribute \$250,000 to voter registration. In the letter's opening paragraph, CRANSTON wrote, "It was a pleasure to see you...and to hear that your meeting with DANNY WALL had gone so well."

D. EARLY 1988 - REGULATORY INTERFERENCE

THINGS OF VALUE

On 1/8/88, KEATING dined with ALAN [REDACTED] CRANSTON, when the CRANSTONS solicited a contribution for [REDACTED] tax-exempt, voter-registration group, The Center For Participation In Democracy (CPD). On 2/10/88, the CRANSTONS visited ACC in Phoenix, Arizona, and KEATING gave them two ACC checks, one payable to CPD for \$400,000 and one payable to FORUM INSTITUTE for \$100,000.

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OFFICIAL ACTS

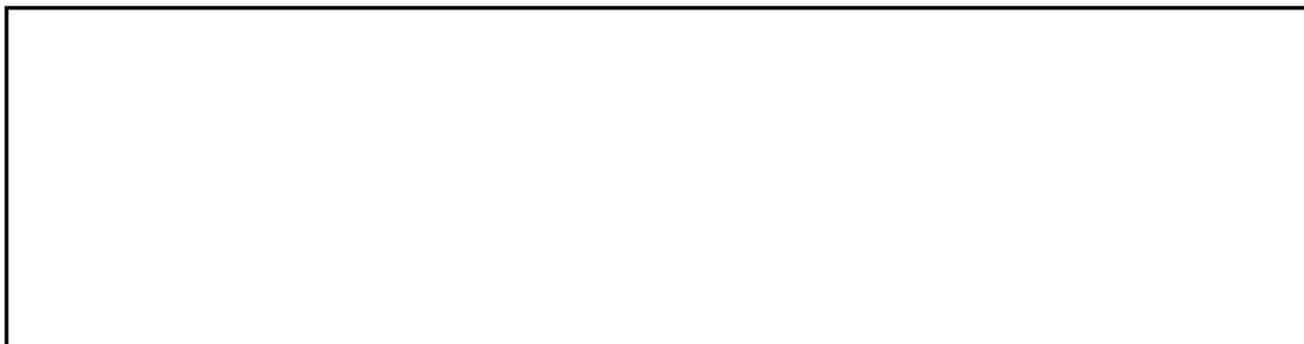
At the 1/8/88 dinner meeting, KEATING had asked CRANSTON to arrange a meeting for KEATING with [REDACTED]. On 1/20/88, CRANSTON called [REDACTED] and suggested that [REDACTED] meet with KEATING on 1/28/88, and [REDACTED] did so. CRANSTON had another telephone conversation with [REDACTED] on 4/21/88 regarding LSL, and CRANSTON's notes indicate that [REDACTED] informed CRANSTON that the Enforcement Review Committee had met and would make a recommendation very soon.

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On 5/5/88, KEATING became dissatisfied with the FHLBB's demands in its settlement negotiations with LSL, so KEATING called CRANSTON and asked him to call [redacted]. The next day, CRANSTON's aide [redacted] telephoned [redacted] top aides [redacted] and stated that CRANSTON was "very concerned" about some specific FHLBB negotiating positions with LSL.

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NEXUS



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E. EARLY 1989 - ATTEMPTED SALE OF LSL

THINGS OF VALUE

In approximately February, 1989, KEATING pledged an additional \$100,000 for CRANSTON's voter registration groups, but KEATING postponed payment until after LSL was sold, so the \$100,000 was never contributed. On 1/10/89, ACC contributed \$10,000 to CRANSTON's PAC, Committee for a Democratic Consensus, in connection with a Super Bowl event.

OFFICIAL ACTS

In early 1989, KEATING tried several times to sell LSL, but the FHLBB would not approve the sales, and the FHLBB eventually seized LSL on 4/14/89.

CRANSTON and [redacted] met with KEATING and [redacted] on 2/7/89. On 2/8/89, [redacted] telephoned FHLBB regulator [redacted] demanding to know why the LSL sale had not yet been approved. CRANSTON called [redacted] and FDIC [redacted] the

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same day regarding the LSL sale. On 4/12/89, CRANSTON called both [] and FHLBB member [] and urged consideration of JOHN ROUSSELOT's offer to buy LSL. On 4/13/89, CRANSTON urged the third FHLBB member [] to hear prospective LSL buyer ROUSSELOT's offer and to consider the effect of ACC's bankruptcy on California, Arizona, and the FSLIC. After the FHLBB seized LSL on 4/14/89, CRANSTON tells [] that the FHLBB made a serious mistake.

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NEXUS

On 12/14/88, KEATING met CRANSTON and [] in Los Angeles for dinner, and CRANSTON greeted KEATING by characterizing the dinner as a meeting of the mutual aid society.

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II. ADDITIONAL EVIDENCE OF CRIMINAL INTENT

A. CRANSTON'S STATE OF MIND

On 12/14/88, according to [] CRANSTON referred to his meeting with KEATING as the mutual aid society.

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In his Senate Select Committee on Ethics deposition on 4/30/90, CRANSTON explained that a contributor has "a better chance to get access" than a noncontributor (page 219). In a telephone interview with reporter MARK STERN on 10/2/89, CRANSTON explained that there never should be a "quid pro quo to a contribution," and "the most" a contribution "is supposed to and expected to get somebody is access if they have a problem." CRANSTON added that a supporter has "a right to present a case to you and any constituent has except you can't see every constituent. So access goes to those who have been helpful..." (Transcript is CRANSTON document #80000040.) In his Ethics Committee deposition (at page 341), CRANSTON conceded that KEATING had "almost total access" to CRANSTON and his staff.

CRANSTON commonly had [] present for meetings with KEATING and other businessmen seeking CRANSTON's services. According to [] in nearly all of KEATING's meetings with CRANSTON, CRANSTON asked for a contribution.

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B. KEATING'S AND [REDACTED] STATE OF MIND

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In a prepared statement delivered on 4/17/89, the Monday following ACC's bankruptcy filing, KEATING said, "One question....had to do with whether my financial support in any way influenced several political figures to take up my cause. I want to say in the most forceful way I can: I certainly hope so."

In his FBI interview on 10/11/90, [REDACTED] said that

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C. HISTORY OF CRANSTON'S POSITION ON DIRECT INVESTMENTS

In July, 1984, CRANSTON wrote (apparently not at LSL's request) to FHLBB [REDACTED] requesting that [REDACTED] defer adoption of the proposed regulation limiting direct investments "until Congress and affected institutions have had an opportunity for greater consideration of this subject." [REDACTED]

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In late 1984, LSL attorney/lobbyist [REDACTED] asked [REDACTED] to oppose the proposed direct investment limitations, and she declined to do so. On 1/31/85, CRANSTON wrote [REDACTED] requesting that the comment period on the direct investment regulation be extended from 30 days to 90 days. In this letter, CRANSTON said he was "sympathetic" with the FHLBB's concerns that unrestricted direct investments may threaten the FSLIC, and that "reasonable regulatory controls" to protect the FSLIC were appropriate.

Thus, CRANSTON's opposition to direct investment limitations developed after 1/31/85, about the same time he was establishing a relationship with ACC/LSL and other similarly minded institutions.

D. USA VOTES FUNDED SOME OF CRANSTON'S TRAVEL AND MEAL EXPENSES

In 1987, LSL/ACC contributed \$125,000 to USA Votes, CRANSTON's partisan organization designed to raise funds for voter registration groups. This was a sizable contribution in that USA Votes' 1987 expenditures were only \$190,000. USA Votes reimbursed CRANSTON for his fundraising expenses, which totalled \$16,472.98 (according to USA Votes) in travel, lodging, and meals from 5/5/87 through 10/14/88. In addition, USA Votes reimbursed [redacted] for some of his expenses in attending the Democratic Party's National Convention in 1988, totalling \$612.33.

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III. [redacted] EVIDENCE

CRANSTON's [redacted] (not a government employee) was involved in raising \$850,000 in voter registration funds from KEATING and arranging the 1986 line of credit from LSL. According to [redacted]

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[redacted]

CRANSTON's former [redacted] [redacted] has implicated [redacted] in arranging in 1988 an illegal transfer of \$4,000 from CRANSTON's political action committee to CRANSTON's 1984 presidential campaign through [redacted] political action committee. [redacted]

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Referral/Consult

[redacted]

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IV. [REDACTED] EVIDENCE

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Although [REDACTED] was instrumental in assisting ACC/LSL on several occasions from 1986 through 1989, there is no evidence she was aware of the various contributions that had been solicited by CRANSTON and made by ACC/LSL.

In mid-April, 1987, [REDACTED] visited ACC in Phoenix at ACC's expense. This trip occurred less than three weeks after [REDACTED] placed a statement in the Congressional Record that assisted LSL in its litigation with the FHLBB.

In [REDACTED] testimony under oath before the Senate Select Committee on Ethics on 12/11/90, [REDACTED] was asked about a statement in the Congressional Record of 3/27/87 attributed to CRANSTON. [REDACTED] testified (at page 43), "I wrote the statement, and I used whatever I had in my files." [REDACTED] repeated at page 144, "I wrote the statement". At page 64, she was asked, "Did your inserting that statement into the Congressional Record have any relation to Mr. Keating or [REDACTED] or Lincoln? By that, I mean, did they ask you to do it, or request you to do it?" [REDACTED] responded, "No, they did not request that I do it. It may have inadvertantly assisted them but it was certainly not the purpose of the statement". Later she was again asked, "Had you talked to [REDACTED] or anyone else at Lincoln at that time?" and she responded, "No", (at page 145). LSL attorney/lobbyist [REDACTED] [REDACTED] has advised that [REDACTED]

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[REDACTED] description before the Ethics Committee of the circumstances of the statement was so unintelligible as to indicate that she lacked sufficient understanding to author such a statement. Thus, [REDACTED] claim that she wrote the statement without any request from LSL may be considered perjury under Title 18, United States Code, Section 1621.

V. ADDITIONAL INVESTIGATION CONTEMPLATED

A. Attempt to identify and interview the California Democratic Party (CDP) Official who is familiar with ACC's 1986 contribution to the CDP.

B. Interview Senator BYRD's floor staff members who may be knowledgeable about the hold(s) on PROXMIRE's 1986 FSLIC recapitalization bill.

C. Interview former LSL employee [redacted] regarding circumstances of the 1986 LSL line of credit to CRANSTON, and the reason for the secrecy surrounding it.

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D. Re-interview [redacted]

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E. Interview GLENN regarding his "hold" on PROXMIRE's 1986 direct investment legislation, to determine if he was aware of CRANSTON's involvement.

F. Interview CRANSTON.

G. Interview [redacted] and CHARLES KEATING, if and when they become available.

H. Consider locating other individuals who may have solicited CRANSTON's services in connection with contributions, such as:

1. E. GALLO, Modesto, California - contributed \$200,000 to CRANSTON's voter registration project in 1987 - 1988.

2. [redacted], Los Angeles, California - CRANSTON may have interceded with FHLBB [redacted] in 1988 in connection with [redacted] attempt to acquire TAHOE SAVINGS.

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3. [redacted]

I. Interview CRANSTON's [redacted] regarding the LSL line of credit and the \$85,000 contribution to the California Democratic Party.

Memorandum



To : SAC, LOS ANGELES (58C-PX-41605) (SARA-Bate (P)/5/91

From : SA [REDACTED]

Subject: U.S. SENATOR ALAN CRANSTON, ET AL;
CORRUPTION OF PUBLIC OFFICIALS;
OO: PHOENIX/LOS ANGELES

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This memo summarizes the evidence as it relates to Senator DONALD RIEGLE.

I. BRIBERY/GRATUITY

A. THINGS OF VALUE RECEIVED BY PUBLIC OFFICIAL

On 3/1/86, RIEGLE attended the opening of ACC'S HOTEL PONTCHARTRAIN in Detroit, Michigan. ACC paid round-trip travel expenses for RIEGLE and his wife from Washington to Detroit.

On 1/28/87, KEATING offered to organize a fund raising event for RIEGLE at the HOTEL PONTCHARTRAIN with a goal of raising at least \$100,000. The fund raising luncheon was held on 3/23/87, and \$95,150 was contributed to RIEGLE, of which \$78,250 was contributed by individuals affiliated with KEATING as family, employees, or spouses of employees.

On 2/22/88, [REDACTED] offered to sponsor another fund raising event for RIEGLE to be held in New York on May 10 or 11, with the goal of raising \$100,000. This event was never held, and no ACC/LSL affiliated contributions were made to RIEGLE after March of 1987.

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B. OFFICIAL ACTS

RIEGLE attended a meeting on 4/9/87 in Washington with the San Francisco regulators, along with three other senators. The senators were interceding on behalf of LINCOLN SAVINGS, and this meeting followed a 4/2/87 meeting the senators had with FHLBB [REDACTED]. RIEGLE did not attend the 4/2/87 meeting and he claims he had no prior knowledge of the meeting. However, RIEGLE probably helped arrange the meeting with [REDACTED] and RIEGLE has admitted he suggested to [REDACTED] in March of 1987 that [REDACTED] meet with the Arizona senators regarding LINCOLN SAVINGS.

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[Signature]

C. NEXUS BETWEEN OFFICIAL ACTS AND THINGS OF VALUE RECEIVED BY PUBLIC OFFICIAL.

RIEGLE attended the 4/9/87 meeting with the San Francisco regulators only 17 days after the \$95,150 fund raising luncheon.

II. PERJURY

A. RIEGLE'S STATEMENTS UNDER OATH

In his testimony before the Senate Ethics Committee, RIEGLE testified that he returned approximately \$78,000 in campaign contributions to KEATING affiliated contributors only after learning from the DETROIT NEWS on 2/28/88 that \$66,000 of the HOTEL PONTCHARTRAIN fund raising event proceeds came from KEATING affiliated individuals. RIEGLE explained that this created an appearance of conflict of interest, because the funds were received close in time to the 4/9/87 meeting with regulators attended by RIEGLE.

On 10/17/90, testifying before an executive session of the Ethics Committee, RIEGLE stated that until the DETROIT NEWS story was published nearly a year after the HOTEL PONTCHARTRAIN event, which revealed that \$66,000 of the proceeds came from individuals with "apparent direct business connections to KEATING", RIEGLE had "no prior knowledge of this pattern of contributions" (page 37). RIEGLE testified he asked his staff to immediately check the story's accuracy, because he had "real doubts" that it was accurate. RIEGLE said he initially thought the story was "maybe a hatchet job and untrue" (page 38).

On 1/7/91, in his public testimony before the Ethics Committee, RIEGLE repeated that when he first saw the DETROIT NEWS article about the \$66,000, "I didn't believe it because that was nothing that I knew or was aware of or had imagined" (page 81). RIEGLE said he then learned that \$78,000 had been given by 78 individuals who had listed 13 different business affiliations, but who were affiliated with KEATING, and "That is the first I knew of that" (page 81). RIEGLE explained he was troubled about this and the proximity to his attendance at the April 9 meeting, so he refunded the contributions.

Again on 1/7/91, RIEGLE testified he was "uncomfortable about the appearance of the bundling of all of those contributions, which I had not known about until that story ran" and his attendance at the April 9 meeting (pages 110-111).

On 1/8/91, RIEGLE testified that, after the DETROIT NEWS story ran a year after the fund raising event, "I found out for the first time that the bulk of those contributions had not come from my own contributors where we had sent the contributor list out there, and I thought that is where the bulk of the effort was going to be directed" (page 152). RIEGLE was referring to a list of approximately 400 Michigan residents who had previously contributed at least \$500 to RIEGLE, which list was provided by RIEGLE'S staff to KEATING as prospective contributors to the HOTEL PONTCHARTRAIN event. With regard to RIEGLE refunding the KEATING-affiliated contributions, Senator LOTT asked RIEGLE if he recognized there was an appearance of conflict in "hindsight", and RIEGLE responded, "Yes, it was hindsight...But when I saw it, I acted on it."

B. EVIDENCE OF RIEGLE'S CONTEMPORANEOUS KNOWLEDGE OF THE CONTRIBUTORS AFFILIATION WITH KEATING

[REDACTED] RIEGLE'S fund-raiser involved in the HOTEL PONTCHARTRAIN event, knew at the time that "the bulk" of the contributions came from KEATING family and employees. In her FBI interview, [REDACTED] said that the checks received at the HOTEL PONTCHARTRAIN (as differentiated from checks mailed before the event) were delivered by RIEGLE to [REDACTED] and [REDACTED] explained that these checks could be identified by FEC records as being received on March 23 or 24. According to RIEGLE'S FEC report, RIEGLE received on 3/24/87 checks totalling \$21,000 from KEATING affiliated contributors.

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In February 1987, three separate bundles of checks from KEATING affiliated individuals payable to RIEGLE were collected by an ACC secretary and forwarded to [REDACTED] a fund-raiser for DECONCINI. With a cover letter dated 3/3/87, [REDACTED] forwarded an unspecified number of checks to DECONCINI, for delivery to RIEGLE. [REDACTED] noted in his letter that the checks were raised by KEATING. DECONCINI testified before the Ethics Committee that he personally physically gave to RIEGLE the checks DECONCINI received from [REDACTED] (1/1/91 testimony at page 192). In all likelihood, DECONCINI gave RIEGLE all three bundles of checks [REDACTED] had obtained from ACC in February, because RIEGLE'S FEC report shows that all these checks in the three bundles were received by RIEGLE'S campaign on 3/12/87. Checks from KEATING'S family and employees in the three bundles totalled \$28,750.

RIEGLE'S FEC report shows receipt of \$21,500 in checks from KEATING, his family and employees on 3/11/87. Although additional investigation is necessary to substantiate this, these checks probably were handed to RIEGLE when RIEGLE and his aide

[redacted] visited the ACC offices in Phoenix on 3/9/87, and flew back to Washington that afternoon with [redacted]

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Thus, RIEGLE apparently had in his hands in March, 1987, checks totalling \$71,250 from individuals affiliated with KEATING, specifically the \$21,000 RIEGLE gave [redacted] on March 23 or 24, the \$28,750 DECONCINI gave RIEGLE on approximately March 12, and the \$21,500 RIEGLE probably picked up in Phoenix on March 9. If RIEGLE looked at the checks, he would have noticed the Arizona address^s rather than Michigan.

Furthermore, in her interview, [redacted] said it was common in the RIEGLE campaign to receive contributions from family and employees of the host of a fund raising event.

[redacted] estimated that 75% of contributions from hosted events came from the host's family and employees. Evidence that RIEGLE was aware of this routine practice would have to be developed.

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RIEGLE'S implication that the contributors could not be identified as KEATING employees because they listed 13 different business affiliations is specious. A review of RIEGLE'S FEC report for March 1987 shows contributions of \$38,500 from 35 individuals employed by AMERICAN CONTINENTAL CORPORATION or other companies where the first two words of their names were "AMERICAN CONTINENTAL" (such as AMERICAN CONTINENTAL PROPERTIES), \$10,750 from 14 individuals employed by LINCOLN SAVINGS AND LOAN or LINCOLN SAVINGS AGENCY, \$2,000 from one individual employed by HOTEL PONTCHARTRAIN, and \$11,500 from eight individuals clearly identifiable as spouses of ACC/LSL employees, for a total of \$62,750. All these individuals had Arizona addresses, except for a few LINCOLN SAVINGS employees residing in California.

C. EVIDENCE SUPPORTING RIEGLE'S IGNORANCE

RIEGLE'S [redacted] [redacted] stated in his FBI interview on 6/20/90, that knowledge of the degree of KEATING affiliated contributions, which lead to RIEGLE'S decision to refund the KEATING affiliated contributions, came from the Detroit Newspaper story. RIEGLE'S [redacted] [redacted] in an affidavit submitted to the Ethics Committee, stated she was with RIEGLE in Detroit on 2/28/88 when RIEGLE read the DETROIT NEWS article in disbelief.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 6/19/91

1 TO : SAC, PHOENIX (58C-PX-41605)

2 FROM : SAC, DETROIT (RUC) (C-3)

3 SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,

4 DENNIS D. DECONCINI, JOHN GLENN,

5 JOHN MC CAIN, DONALD RIEGLE;

6 CHARLES H. KEATING, JR., DOING BUSINESS AS

7 LINCOLN SAVINGS AND LOAN ASSOCIATION,

8 IRVINE, CALIFORNIA, AND

9 AMERICAN CONTINENTAL CORPORATION,

10 PHOENIX, ARIZONA

11 CORRUPTION OF FEDERAL PUBLIC OFFICIALS -

12 LEGISLATIVE

13 (OO: PHOENIX/LOS ANGELES)

Re Los Angeles teletype, dated 5/30/91, and Detroit teletype to Phoenix, dated 6/17/91.

Enclosed for Phoenix is an original and two copies of an FD-302 interview of [redacted] which was conducted by the Detroit FBI on 6/17/91. Also enclosed is a 1A envelope with the original notes pertaining to this interview.

For information, as previously advised by Detroit in referenced teletype, [redacted] advised [redacted] the RIEGLE FOR SENATE committee in 1987; however, she stated she never had any responsibilities whatsoever pertaining to any campaign funds.

- 2 - Phoenix (Encs. - 4)
- 2 - Los Angeles
- 2 - WMFO
- 1 - Detroit
- DCM/bas
- (7)

SARNA

- 1* -

Approved: _____

Transmitted _____ (Number) _____ (Time)

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FM FBI PHOENIX (58C-PX-41605) (P)
TO DIRECTOR FBI/ROUTINE/
FBI LOS ANGELES/ROUTINE/
BT

UNCLAS

CITE: //3630:0012//

PASS: PUBLIC CORRUPTION UNIT, ATTN: [REDACTED]

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SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,
ET AL; CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE; OO:
PX/LA.

RE PHOENIX TELETYPE TO THE BUREAU, 6/13/91.

ON 7/9/91, A MEETING WAS HELD IN THE LOS ANGELES OFFICE
OF THE U.S. ATTORNEY, CENTRAL DISTRICT OF CALIFORNIA. AUSA
[REDACTED] AND DEPARTMENTAL ATTORNEY [REDACTED]

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ATTENDED. DURING THIS MEETING, INVESTIGATION THAT HAD BEEN

TELETYPE

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PREVIOUSLY REQUESTED BY ATTORNEYS [REDACTED] WAS

PRESENTED. IT WAS DETERMINED THAT [REDACTED]

WOULD REVIEW THE EVIDENCE IN THIS MATTER. ATTORNEYS [REDACTED]

[REDACTED] DID NOT REQUEST ANY ADDITIONAL INVESTIGATION

REGARDING SENATORS MC CAIN, RIEGLE, DE CONCINI, AND GLENN.

ATTORNEYS [REDACTED] REQUESTED THE FBI

INTERVIEW INDIVIDUALS CONTRIBUTING \$25,000 OR MORE NATIONAL INVESTIGATION

REGARDING SENATORS MC CAIN, RIEGLE, DE CONCINI, AND GLENN.

ATTORNEYS [REDACTED] REQUESTED THE FBI

INTERVIEW INDIVIDUALS CONTRIBUTING \$25,000 OR MORE TO SENATOR

CRANSTON AND/OR HIS AFFILIATED PACS. THE INTERVIEWS SHOULD BE

CONDUCTED IN AN EFFORT TO DETERMINE IF CRANSTON'S FORM OF

SOLICITATION VIOLATED THE HOBBS ACT. THE MAJORITY OF THESE

CONTRIBUTORS RESIDE WITHIN THE STATE OF CALIFORNIA. THE

ATTORNEYS REQUESTED THAT THE INTERVIEWEES BE ASKED WHAT THEIR

BUSINESS RELATIONSHIPS WERE WITH CRANSTON BEFORE AND AFTER THE

CONTRIBUTION AND WHY THE FUNDS WERE CONTRIBUTED.

PHOENIX AND LOS ANGELES WILL INFORM THE BUREAU OF THE

RESULTS OF THESE INTERVIEWS.

BT

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Memorandum



To : SAC, LOS ANGELES (58C-PX-41605)
(SARA) (P)

Date 7/15/91

From : SA [redacted]

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Subject: UNITED STATES SENATORS ALAN CRANSTON,
DENNIS DECONCINI, JOHN GLENN,
JOHN MCCAIN, DONALD REIGLE;
CHARLES H. KEATING, JR., dba
Lincoln Savings and Loan Association,
Irvine, California, and
American Continental Corporation,
Phoenix, Arizona;
CORRUPTION OF FEDERAL OFFICIALS - LEGISLATIVE;
OO: Phoenix/Los Angeles

On 7/9/91, a meeting was held at the United States
Attorney's Office in Los Angeles to discuss referenced matter.
In attendance were AUSA [redacted] Department of Justice,
Public Integrity Section, Attorney [redacted] Phoenix FBI
Supervisor [redacted] Phoenix case agent [redacted] Los
Angeles FBI Supervisor [redacted] and Los Angeles Special
Agents [redacted]

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At the meeting, SA [redacted] began by discussing his memo
dated 7/3/91, regarding the evidence against DECONCINI. It was
agreed that there was insufficient evidence to charge DECONCINI
with a criminal violation, and that there were no worthwhile
leads outstanding.

SA [redacted] then reviewed his memorandum dated 7/5/91,
regarding the evidence relating to REIGLE. All agreed that there
was insufficient evidence to charge REIGLE with Bribery or
Receiving a Gratuity. [redacted]

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SA [redacted] then reviewed his memorandum dated 7/2/91,
relating to the evidence against CRANSTON, [redacted]

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SERIALIZED	FILED
JUL 15 1991	
FBI - LOS ANGELES	

[redacted] Although there was evidence that [redacted] had violated federal election law in connection with conduit contributions and that [redacted] may have committed perjury in her testimony before the Senates Ethics Committee, the attorneys opined that the offenses were not serious enough to merit prosecution. After reviewing the evidence against CRANSTON, the attorneys agreed that there was not enough evidence to support a criminal charge against CRANSTON for receiving a bribe or gratuity, or receiving compensation in violation of section 203. However, the attorneys requested further investigation to determine whether CRANSTON had required political contributions from other individuals for whom he may have performed official acts. The attorneys requested that ERNEST GALLO and all other contributors to CRANSTON's voter registration projects who contributed \$25,000 or more be interviewed regarding the circumstances of their contributions and whether they had any matters pending with CRANSTON's office. AUSA [redacted] will follow the prosecution of [redacted] and if and when [redacted] becomes available for interview, will determine whether [redacted] contributions and loan to CRANSTON were related to any services performed by CRANSTON. [redacted]

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[redacted]

[redacted]

will also be interviewed.

It was agreed that no other investigation will be conducted. If the above described interviews develop no new evidence, it is anticipated that the attorneys will decline prosecution of all five senators.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/15/91

[redacted]
Northwest, [redacted] Washington, D.C., [redacted] Attorney
for [redacted] telephoned the Santa Ana Office of the
Federal Bureau of Investigation and provided the following
information:

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According to [redacted]

[Large redacted area]

Investigation on 7/12/91 at Santa Ana, California File # 58C-PX-41605-206

by SA [redacted] /caw Date dictated 7/12/91

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FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 8/13/91

FM FBI LOS ANGELES (58C-PX-41605) (SARA) (P)
 TO FBI CINCINNATI/ROUTINE/
 FBI DALLAS/ROUTINE/
 FBI NEW YORK/ROUTINE/
 FBI SAN FRANCISCO/ROUTINE/
 FBI SPRINGFIELD/ROUTINE/
 FBI WMFO/ROUTINE/
 INFO FBIHQ/ROUTINE/
 FBI PHOENIX/ROUTINE/

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UNCLAS

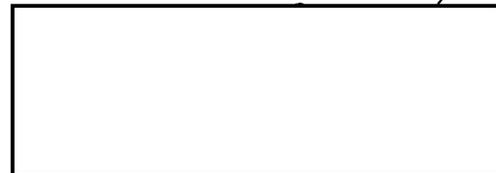
CITE: //3410:0670//

PASS: FBIHQ PUBLIC CORRUPTION UNIT.

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SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,
 DENNIS DECONCINI, JOHN GLENN, JOHN MCCAIN, DONALD RIEGLE;
 CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN

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 SERIALIZED PT
 FILED 19



JAJ/cpt

Approved: [Signature] (Original filename: CPT001W.225)

Time Received: _____ Telprep filename: CPT001S3.225 LAMGA007 sent

MRI/JULIAN DATE: _____ ISN: CPT001S2.225 LAMGA006 sent

FOX DATE & TIME OF ACCEPTANCE: sent via 8/14/91 1:00 AM

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ASSOCIATION, IRVINE, CALIFORNIA, AND AMERICAN CONTINENTAL CORPORATION, PHOENIX, ARIZONA; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE; OO: PX/LA.

ENCLOSED BY SEPARATE FAX ARE: FOR DALLAS, LETTER DATED 2/5/88 TO [REDACTED] FROM CRANSTON, AND MEMORANDUM DATED 12/20/88 TO CRANSTON FROM [REDACTED] REGARDING THE [REDACTED] DEAL." FOR NEW YORK, TWO LETTERS DATED 3/2/88 AND 5/9/88 FROM CRANSTON TO [REDACTED] FOR SPRINGFIELD, A LETTER DATED 5/4/88 TO [REDACTED] FROM CRANSTON AND A FORBES MAGAZINE ARTICLE ENTITLED "POLITICAL GREENMAIL" FROM PAGE 72 OF 5/27/91 ISSUE. FOR WMFO, [REDACTED] MEMO TO CRANSTON DATED 1/2/87.

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THIS INVESTIGATION INVOLVES WELL-PUBLICIZED ALLEGATIONS THAT CAPTIONED U.S. SENATORS INTERCEDED ON SUBJECT CHARLES H. KEATING'S BEHALF WITH FEDERAL HOME LOAN BANK BOARD (FHLBB) REGULATORS, IN EXCHANGE FOR CONTRIBUTIONS TO THE SENATORS' CAMPAIGNS, POLITICAL ACTION COMMITTEES, AND CRANSTON'S VOTER REGISTRATION GROUPS. THE ALLEGED INTERFERENCE WAS ON BEHALF OF TROUBLED LINCOLN SAVINGS AND LOAN ASSOCIATION (LSL), WHICH WAS ULTIMATELY PLACED IN CONSERVATORSHIP BY THE FHLBB ON 4/14/89. INVESTIGATION HAS FOCUSED ON SENATOR CRANSTON, AND

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THE PATTERN OF SERVICES PERFORMED BY CRANSTON FOR KEATING
CLOSE IN TIME TO KEATING CONTRIBUTIONS TO CRANSTON
ORGANIZATIONS.

AMERICAN CONTINENTAL CORPORATION (ACC) AND ITS SUBSIDIARY
LSL CONTRIBUTED A TOTAL OF \$850,000 IN 1987-1988 TO "SOFT-
MONEY" VOTER REGISTRATION GROUPS AFFILIATED WITH CRANSTON. IN
DECEMBER 1985, CRANSTON ASKED [REDACTED] TO
ORGANIZE AMERICAVOTES (LATER KNOWN AS USA VOTES), A PARTISAN
GROUP CONTROLLED BY CRANSTON DESIGNED TO RAISE FUNDS FOR NON-
PARTISAN VOTER REGISTRATION GROUPS. [REDACTED] CREATED A FOR-
PROFIT CORPORATION KNOWN AS NEW DIMENSION RESOURCES TO MANAGE
AMERICAVOTES. BEGINNING IN 1986, CRANSTON SOLICITED NON-
DEDUCTIBLE CONTRIBUTIONS TO AMERICAVOTES TO COVER THE FUND
RAISING OVERHEAD. UNDER THE AUSPICES OF USA VOTES, CRANSTON
THEN RAISED TAX-DEDUCTIBLE MONEY FOR VOTER REGISTRATION
GROUPS, IN PARTICULAR, A GROUP FOUNDED BY [REDACTED] KNOWN AS THE
FORUM INSTITUTE, AND DAVID ROCKEFELLER, JR.'S CITIZENS
PARTICIPATION PROJECT: THE MISSING HALF. [REDACTED] USA VOTES,
AND FORUM INSTITUTE WERE BASED IN WASHINGTON, D.C. AFTER
CRANSTON'S SUCCESSFUL RE-ELECTION CAMPAIGN IN 1986, [REDACTED]

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[REDACTED] AND [REDACTED] FOUNDED IN 1987 THE ORGANIZING INSTITUTE (OI) AND THE CENTER FOR PARTICIPATION IN DEMOCRACY (CPD), CALIFORNIA-BASED, TAX-EXEMPT, VOTER REGISTRATION GROUPS THAT PURPORTED TO BE NON-PARTISAN. [REDACTED]

[REDACTED] WAS IN CHARGE OF THE GET-OUT-THE-VOTE (GOTV) IN CRANSTON'S 1986 CAMPAIGN. FORUM INSTITUTE PROVIDED ALMOST ALL OF THE FUNDING FOR OI. [REDACTED] RAISED MOST OF THE FINANCING FOR CPD, WHICH BEGAN RECEIVING CONTRIBUTIONS IN SEPTEMBER 1987 AFTER IT OBTAINED ITS TAX-EXEMPT STATUS FROM THE INTERNAL REVENUE SERVICE. [REDACTED] AND [REDACTED] HIRED PROFESSIONAL FUND RAISERS TO ASSIST IN THE FUND RAISING. [REDACTED] AND [REDACTED] WERE PROFESSIONAL FUND RAISERS FOR FORUM INSTITUTE AND USA VOTES. CPD RETAINED PROFESSIONAL FUND RAISER [REDACTED] OF SAN FRANCISCO TO HELP RAISE FUNDS.

IN ADDITION TO THE VOTER REGISTRATION GROUPS, CRANSTON MAINTAINED TWO SEPARATE CAMPAIGN ORGANIZATIONS AND A POLITICAL ACTION COMMITTEE. THE CAMPAIGN ORGANIZATIONS WERE ONE FOR HIS SENATORIAL CAMPAIGN AND ONE FOR HIS 1984 PRESIDENTIAL CAMPAIGN. CRANSTON'S POLITICAL ACTION COMMITTEE WAS KNOWN AS THE COMMITTEE FOR A DEMOCRATIC CONSENSUS (CDC). FOR SEVERAL

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YEARS IN THE LATE 1980'S, CRANSTON SPONSORED A FUND RAISING EVENT IN CONNECTION WITH THE SUPERBOWL, WHICH RAISED MONEY FOR THESE THREE ENTITIES. IN ADDITION, IN 1986, CRANSTON RAISED "SOFT-MONEY" FOR THE CALIFORNIA DEMOCRATIC PARTY, WHICH ASSISTED HIS 1986 CAMPAIGN. SOFT-MONEY MEANS CONTRIBUTIONS NOT REGULATED BY THE FEDERAL ELECTION LAW, AND THEREFORE SOFT-MONEY CAN BE CONTRIBUTED BY CORPORATIONS IN UNLIMITED AMOUNTS.

[REDACTED] WAS ALSO A FUND RAISER FOR CRANSTON'S CAMPAIGNS, CDC, AND THE DEMOCRATIC SENATORIAL CAMPAIGN COMMITTEE (DSCC). CRANSTON AND [REDACTED] SOLICITED KEATING FOR SEVERAL CONTRIBUTIONS, AND KEATING ALWAYS OBLIGED. IN 1985, KEATING RAISED \$23,000 FOR CRANSTON'S CAMPAIGNS, AND IN 8/86, KEATING RAISED AN ADDITIONAL \$11,000. IN 10/86, AT CRANSTON'S REQUEST, ACC CONTRIBUTED \$85,000 TO THE CALIFORNIA DEMOCRATIC PARTY. IN 10/86, LSL ARRANGED A \$300,000 LINE OF CREDIT FOR CRANSTON FOR HIS CAMPAIGN, AT [REDACTED] REQUEST. ON 3/3/87, KEATING CONTRIBUTED \$100,000 OF LSL FUNDS TO USA VOTES. ON 11/6/87, KEATING AIDE [REDACTED] DELIVERED TO CRANSTON TWO ACC CHECKS, ONE TO USA VOTES FOR \$25,000 AND ONE TO FORUM INSTITUTE FOR \$225,000. ON 2/10/88, THE CRANSTONS VISITED ACC

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IN PHOENIX, ARIZONA, AND KEATING GAVE THEM TWO ACC CHECKS, ONE PAYABLE TO CPD FOR \$400,000 AND ONE PAYABLE TO FORUM INSTITUTE FOR \$100,000. IN APPROXIMATELY 2/89, KEATING PLEDGED AN ADDITIONAL \$100,000 FOR CRANSTON'S VOTER REGISTRATION GROUPS, BUT THE \$100,000 WAS NEVER CONTRIBUTED. ON 1/10/89, ACC CONTRIBUTED \$10,000 TO CDC IN CONNECTION WITH THE SUPERBOWL EVENT. DURING THE SAME TIME PERIOD, CRANSTON ASSISTED ACC/LSL ON SEVERAL LEGISLATIVE AND REGULATORY MATTERS. IN 10/86, CRANSTON EFFECTIVELY FORCED THE U.S. SENATE FLOOR MANAGERS TO DROP A PROVISION FROM A BILL, WHICH PROVISION WOULD HAVE LIMITED DIRECT INVESTMENTS BY FEDERALLY INSURED INSTITUTIONS SUCH AS LSL. IN 3/87, CRANSTON SUCCEEDED IN CONVINCING SENATOR WILLIAM PROXMIRE TO DROP A LEGISLATIVE PROVISION THAT WOULD HAVE ADVERSELY AFFECTED LSL. IN 3/86, CRANSTON'S BANKING AIDE [REDACTED] SUBMITTED FOR PUBLICATION TO THE CONGRESSIONAL RECORD A STATEMENT ATTRIBUTED TO CRANSTON [REDACTED]

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[REDACTED]
[REDACTED] IN 4/87, CRANSTON AND THREE OTHER SENATORS MET WITH FHLBB [REDACTED] REGARDING LSL. IN 1987 THROUGH 1989, CRANSTON MADE SEVERAL TELEPHONE CALLS TO

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FHLBB [REDACTED] URGING THE QUICK RESOLUTION OF THE
FHLBB EXAMINATION OF LSL, AND LATER URGING SERIOUS
CONSIDERATION OF A PROPOSED SALE OF LSL. CRANSTON ALSO
ARRANGED AT LEAST ONE MEETING WITH [REDACTED] FOR KEATING. ALTHOUGH
THERE IS NO PROOF THAT CRANSTON'S ASSISTANCE TO KEATING WAS
GIVEN IN EXCHANGE FOR THE CONTRIBUTIONS SOLICITED FROM KEATING
BY CRANSTON, ON FIVE OCCASIONS THE CONTRIBUTIONS WERE
SOLICITED AND GIVEN CLOSE IN TIME TO THE SERVICES PROVIDED BY
CRANSTON OR CRANSTON'S OFFICE.

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LACKING PROOF OF A DIRECT NEXUS BETWEEN CRANSTON'S
SERVICES AND THE CONTRIBUTIONS, LOS ANGELES AUSA [REDACTED]
[REDACTED] AND DOJ ATTORNEY [REDACTED] HAVE REQUESTED THAT
OTHER BUSINESSMEN WHO CONTRIBUTED SUBSTANTIAL SUMS SOLICITED
BY CRANSTON BE INTERVIEWED. A NUMBER OF MAJOR CRANSTON
CONTRIBUTORS WERE SELECTED BASED ON SEVERAL FACTORS, INCLUDING
THE SIZE OF THEIR CONTRIBUTIONS, CRANSTON'S PERSONAL
INVOLVEMENT IN SOLICITING THE CONTRIBUTIONS, AND THE
CONTRIBUTOR'S STATUS AS A BUSINESSMAN. IT IS NOT KNOWN
WHETHER ANY OF THESE CONTRIBUTORS HAD LEGISLATIVE OR
REGULATORY MATTERS PENDING WITH CRANSTON'S OFFICE. THE

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PURPOSE OF THESE INTERVIEWS IS TO DETERMINE WHETHER THESE INDIVIDUALS HAD REQUESTED ASSISTANCE FROM CRANSTON'S OFFICE, AND WHETHER CRANSTON HAD COERCED OR PRESSURED THE INDIVIDUALS INTO CONTRIBUTING IN ORDER TO OBTAIN SERVICES FROM HIS OFFICE. THUS, EACH OF THESE INDIVIDUALS SHOULD BE ASKED ABOUT THE CIRCUMSTANCES OF THEIR CONTRIBUTIONS, INCLUDING THE DETAILS OF THE SOLICITATIONS, WHETHER THEY HAD ANY DEALINGS WITH CRANSTON OR CRANSTON'S OFFICE ON SPECIFIC MATTERS, AND WHETHER THEY FELT COMPELLED OR PRESSURED TO CONTRIBUTE IN ORDER TO RECEIVE THE SERVICES FROM CRANSTON'S OFFICE.

RECEIVING DIVISIONS ARE REQUESTED TO REPORT RESULTS TO BOTH PHOENIX AND LOS ANGELES DIVISIONS.

LEADS, CINCINNATI AT CINCINNATI, OHIO: INTERVIEW [REDACTED]
[REDACTED] AMERICAN FINANCIAL CORPORATION, P.O. BOX 806,
CINCINNATI, OHIO, 45201. [REDACTED] OR HIS COMPANY CONTRIBUTED
\$25,000 TO THE FORUM INSTITUTE, WHICH WAS RECEIVED ON 5/26/88.
VIRTUALLY NO DOCUMENTATION OF THIS CONTRIBUTION COULD BE FOUND
IN FORUM'S FILES, AND SO IT IS UNKNOWN WHETHER CRANSTON
ACTUALLY SOLICITED THE CONTRIBUTION. BEFORE MOVING TO

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PHOENIX, KEATING WAS EMPLOYED BY [REDACTED] AND THEY APPARENTLY REMAINED BUSINESS FRIENDS.

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DALLAS AT FORT WORTH, TEXAS: INTERVIEW [REDACTED]
FIRST CITY PROPERTIES, INC., 3200 FIRST CITY BANK TOWER, 201
MAIN STREET, FORT WORTH, TEXAS, POSSIBLE TELEPHONE NUMBER
[REDACTED] OR HIS COMPANY CONTRIBUTED
\$150,000 TO USA VOTES APPARENTLY IN 1988. [REDACTED]

[REDACTED] IN EARLY 1989, [REDACTED] WAS APPARENTLY SOLICITED TO
CONTRIBUTE \$100,000 TO THE SOUTHWEST VOTER REGISTRATION
PROJECT, ALTHOUGH [REDACTED] WAS REQUESTED TO SEND HIS CHECK TO
CRANSTON OR TO MAKE IT PAYABLE TO USA VOTES. CRANSTON'S NOTES
REFLECT THAT HE SPOKE WITH [REDACTED] ON 3/9/89, AND [REDACTED] STATED HE
WAS FRUSTRATED BY THE LACK OF INFORMATION AND THAT HE WANTED A
REPORT ON SOUTHWEST VOTER REGISTRATION PROJECT'S PAST
ACCOMPLISHMENTS. IT IS UNCERTAIN WHETHER [REDACTED] EVER
CONTRIBUTED THE \$100,000 TO SOUTHWEST IN 1989. PER THE FAXES
TO DALLAS, IT IS APPARENT THAT CRANSTON WAS INVOLVED IN [REDACTED]
ACQUISITION FROM THE GOVERNMENT OF AMERICAN SAVINGS IN

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CALIFORNIA, ALTHOUGH IT IS UNCLEAR WHETHER CRANSTON ASSISTED

[REDACTED] IN THIS TRANSACTION.

NEW YORK AT NEW YORK CITY: INTERVIEW [REDACTED]

JENNISON ASSOCIATES CAPITAL CORPORATION, 466 LEXINGTON AVENUE,

NEW YORK, NEW YORK, TELEPHONE [REDACTED] RECORDS SHOW

[REDACTED] CONTRIBUTED \$25,000 TO THE FORUM INSTITUTE WHICH WAS

RECEIVED ON 11/29/87, AND AN ADDITIONAL \$25,000 TO FORUM

INSTITUTE RECEIVED ON 3/18/88. [REDACTED] ALSO CONTRIBUTED \$10,000

TO USA VOTES IN 1987 AND 1988. CRANSTON'S NOTES SHOW THAT ON

4/13/89, CRANSTON REQUESTED THAT [REDACTED] CONTRIBUTE AN

ADDITIONAL \$25,000 TO FORUM INSTITUTE AND \$5,000 TO USA VOTES.

RECORDS ALSO SHOW THAT USA VOTES FUND RAISER [REDACTED]

CONTACTED [REDACTED] IN 4/88.

NEW YORK AT NEW YORK CITY: INTERVIEW [REDACTED]

[REDACTED]
[REDACTED] NEW YORK, NEW YORK, TELEPHONE [REDACTED] RECORDS

SHOW THAT CRANSTON MET WITH [REDACTED] AT [REDACTED] OFFICE AT 10:30

A.M. ON 2/29/88, POSSIBLY ACCOMPANIED BY [REDACTED] AND

[REDACTED] PER THE FAXES TO NEW YORK, [REDACTED] APPARENTLY

PLEGGED TO CONTRIBUTE \$100,000 BY 4/1/88. RECORDS SHOW [REDACTED]

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TELEPHONED [REDACTED] ON APPROXIMATELY 4/13/88, AND THAT FORUM INSTITUTE RECEIVED \$100,000 FROM [REDACTED] ON 5/3/88, RESULTING IN CRANSTON'S THANK YOU LETTER DATED 5/9/88.

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SAN FRANCISCO AT TIBURON, CALIFORNIA: INTERVIEW [REDACTED]

[REDACTED] CALIFORNIA, 94920. [REDACTED]

CONTRIBUTED \$25,000 TO CPD ON A CHECK DATED 9/7/88 DRAWN ON THE ACCOUNT OF [REDACTED]

CHARITABLE TRUST AT THE SAN RAFAEL MAIN OFFICE OF BANK OF AMERICA. THE [REDACTED] CHARITABLE TRUST CONTRIBUTED AN ADDITIONAL \$15,000 TO CPD, WHICH WAS RECEIVED ON 3/14/89.

SAN FRANCISCO AT SAN FRANCISCO, CALIFORNIA: INTERVIEW

[REDACTED] SWIG FOUNDATION, FAIRMONT HOTEL, SAN FRANCISCO, CALIFORNIA, TELEPHONE [REDACTED] RECORDS SHOW THE SWIG FOUNDATION CONTRIBUTED \$50,000 TO THE FORUM INSTITUTE IN 1986, POSSIBLY FOLLOWING A MEETING OF [REDACTED] AND SENATOR JAY ROCKEFELLER IN 9/86. RECORDS SHOW THAT THE SWIG FOUNDATION CONTRIBUTED \$25,000 TO THE FORUM INSTITUTE WHICH WAS RECEIVED ON 9/27/87, AND AN ADDITIONAL \$25,000 TO CPD RECEIVED ON 5/12/88. ALAN CRANSTON AND [REDACTED] WROTE [REDACTED] SEPARATE THANK YOU LETTERS DATED 11/13/87, 6/1/88, AND 6/2/88.

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[REDACTED] HOSTED A FUND RAISING EVENT FOR CRANSTON'S CAMPAIGN
IN 9/86, WHICH RAISED \$10,000.

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SPRINGFIELD AT DECATUR, ILLINOIS: INTERVIEW [REDACTED]

[REDACTED] ARCHER DANIELS MIDLAND CO., 4868 FARIES PARKWAY,
DECATUR, ILLINOIS, TELEPHONE [REDACTED] ARCHER DANIELS
MIDLAND (ADM) CONTRIBUTED \$50,000 TO THE MISSING HALF THROUGH
AMERICAVOTES IN 1986. RECORDS SHOW ADM CONTRIBUTED A TOTAL OF
\$200,000 TO THE FORUM INSTITUTE AS FOLLOWS: \$50,000 ON
5/3/88, \$50,000 ON 5/11/88, AND \$100,000 ON 9/26/88. A
CRYPTIC NOTE ON AN INTERNAL LIST OF FORUM CONTRIBUTORS STATES
IN REFERENCE TO THE ADM CONTRIBUTIONS TO FORUM "3RD FROM

[REDACTED] IDENTITY IS UNKNOWN TO LOS ANGELES
DIVISION. RECORDS SHOW CRANSTON SENT [REDACTED] A THANK YOU
LETTER DATED 5/4/88. IT HAS BEEN WIDELY REPORTED IN THE MEDIA
THAT ADM HAS BEEN POLITICALLY ACTIVE PROMOTING ETHANOL AS AN
ADDITIVE TO GASOLINE. ADM PRODUCES APPROXIMATELY 70% OF
DOMESTIC ETHANOL. IN 1990, ADM AND OTHERS SUCCEEDED IN
OBTAINING AMENDMENTS TO THE CLEAN AIR ACT AND THE INTERNAL
REVENUE CODE THAT PROMOTED THE USE OF ETHANOL. IT IS UNKNOWN

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WHETHER CRANSTON OR CRANSTON'S OFFICE ASSISTED ADM IN THESE OR ANY OTHER LEGISLATIVE OR REGULATORY MATTERS.

WMFO AT WASHINGTON, D.C.: INTERVIEW [REDACTED]

[REDACTED] THE KAEMPFER COMPANY, 1250 24TH STREET, NORTHWEST, SUITE 300, WASHINGTON, D.C. [REDACTED]

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[REDACTED]

[REDACTED] IN

9/86, [REDACTED] HOSTED A FUND RAISING EVENT AT HIS HOME IN WHICH APPROXIMATELY \$200,000 WAS RAISED FOR CRANSTON'S 1986 CAMPAIGN, AND OF WHICH APPROXIMATELY \$20,000 WAS RAISED BY [REDACTED] HIMSELF. [REDACTED] WAS ALSO THE LANDLORD FOR CDC'S OFFICES AT 1250 24TH STREET, NORTHWEST, SUITE 300, WASHINGTON, D.C. (SAME ADDRESS AS [REDACTED] AND [REDACTED] FREQUENTLY ALLOWED CDC'S \$500 PER MONTH RENT TO GO UNPAID. FOR EXAMPLE, FEDERAL ELECTION COMMISSION RECORDS SHOW THAT CDC PAID THE KAEMPFER COMPANY \$5,000 OF RENTS IN ARREARS ON 3/15/88, AND [REDACTED] CONTRIBUTED \$5,000 TO CDC ON 4/4/88. ACCORDING TO

[REDACTED]

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[Redacted]

[Redacted]

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FM FBI DALLAS (58C-PX-41605) (FWRA) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES/ROUTINE/

FBI PHOENIX/ROUTINE/

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CITE: //3190:4840 //

SUBJECT: ALLEGATIONS CONCERNING U. S. SENATOR ALAN CRANSTON;

ET AL; CFPO-L; OO: PHOENIX/LOS ANGELES.

RE LOS ANGELES TELETYPE TO DALLAS, ET AL. 8/15/91.

ON 8/16/91, [REDACTED]

[REDACTED] FT. WORTH, TEXAS, ADVISED HE HAD SPOKEN WITH [REDACTED] WHO IS CURRENTLY IN MAINE.

[REDACTED] INDICATED HE WOULD WILLINGLY FURNISH ALL DETAILS REGARDING THIS MATTER BUT NECESSARY RECORDS AND DOCUMENTS TO

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*Rec'd
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TELETYPE

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AUG 16 1991

*SARA
noted
8/19/91*

[REDACTED]

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REFRESH HIS MEMORY AND PROVIDE DETAILS ARE IN FT. WORTH.

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WILL RETURN TO FT. WORTH 8/26/91. AND AN FBI INTERVIEW IS
SCHEDULED WITH HIM FOR 8/27/91.

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NNNN

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RR RUCNFB FBILA FBIPX

TELETYPE ROOM

DE FBIDL #0004 2350658

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FM FBI DALLAS (58C-PX-41605) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES/ROUTINE/

FBI PHOENIX/ROUTINE/

BT

UNCLAS

CITE: //3190:4840 //

SUBJECT: ALLEGATIONS CONCERNING U.S. SENATOR ALAN CRANSTON;
ET AL; CFPO - L; OO: PHOENIX/LOS ANGELES.

RE DALLAS TELETYPE TO DIRECTOR 8/17/91.

ON 8/22/91, [REDACTED]

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[REDACTED] FORT WORTH, TEXAS, ADVISED [REDACTED] HAD CALLED AND REQUESTED
INTERVIEW DATE BE CHANGED TO 9/5/91, BECAUSE OF [REDACTED] ONE WEEK
DELAY IN RETURNING TO FORT WORTH.

UAC, INTERVIEW WITH [REDACTED] WILL BE CONDUCTED ON

TELETYPE

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8/23/91
SAPA
notified

WCC
AUG 23 1991

[REDACTED]
[REDACTED]

JER/ND

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9/5/91 AT FORT WORTH DUE TO NECESSITY HE REFER TO DOCUMENTS IN
FORT WORTH.

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FBI ROOM

DE FBICI #0012 2382155

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FM FBI CINCINNATI (58C-PX-41605) (P)

TO FBI LOS ANGELES (58C-PX-41605) (SARA)/ROUTINE/

FBI PHOENIX (58C-PX-41605)/ROUTINE/

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CITE: //3160//

SUBJECT: ALLEGATIONS CONCERNING U. S. SENATORS ALAN CRANSTON,
ET AL. CORRUPTION OF FEDERAL PUBLIC OFFICES-LEGISLATIVE.
OO:PHOENIX/LOS ANGELES.

RE LOS ANGELES TELETYPE TO BUREAU, AUGUST 15, 1991.

FBI CINCINNATI HAS MADE A REQUEST TO INTERVIEW [REDACTED]

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[REDACTED] AMERICAN FINANCIAL

CORPORATION, CINCINNATI, OHIO, CONCERNING THE EXTENT AND
NATURE OF HIS INVOLVEMENT WITH U. S. SENATOR ALAN CRANSTON
AND CRANSTON'S STAFF. GENERAL COUNSEL FOR AMERICAN FINANCIAL

58C-PX-41605-210

*Rotor
MULLY*

*SARA
notified
8/27/91*

[REDACTED]

SEC/NOE

TELETYPE

PAGE TWO DE FBIC1 0012 UNCLAS

CORPORATION, HAS ADVISED THAT RESEARCH OF THIS MATTER SHOULD
BE COMPLETED WITHIN THE NEXT TWO WEEKS AND THAT WOULD
CONSIDER GRANTING SUCH AN INTERVIEW AT THAT TIME.

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THE ABOVE IS BEING SUBMITTED FOR THE INFORMATION OF
RECEIVING OFFICES.

BT

#0012

NNNN

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- _____

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 8/29/91

FM FBI LOS ANGELES (58C-PX-41605) (SARA) (P)

TO FBI SACRAMENTO/ROUTINE/

FBI PHOENIX/ROUTINE/

BT

UNCLAS

SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,
 DENNIS DECONCINI, JOHN GLENN, JOHN MCCAIN, DONALD RIEGLE;
 CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN
 ASSOCIATION, IRVINE, CALIFORNIA, AND AMERICAN CONTINENTAL
 CORPORATION, PHOENIX, ARIZONA; CORRUPTION OF FEDERAL PUBLIC
 OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES.

RE SANTA ANA SA [redacted] TELCALL TO SACRAMENTO SRA

[redacted] ON 8/28/91.

AS DISCUSSED IN REFERENCED TELCALL, LOS ANGELES SA'S [redacted]

[redacted] INTEND TO TRAVEL TO MODESTO,

JAJ/clm

58C-PX 41605-211

- SEARCHED _____
- INDEXED _____
- SERIALIZED _____
- FILED _____

Approved: LGL/NDP

Transmitted (916) 481-9110 2:08pm
(902) 479-5511 3:12pm
(Number) (Time)

Per 8/29 clm [signature]

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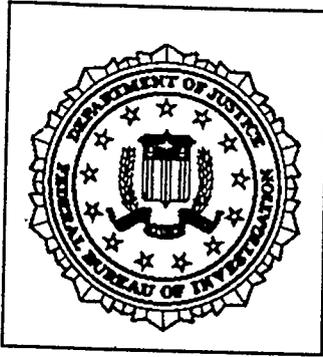
CALIFORNIA, ON 8/30/91, FOR THE PURPOSE OF CONDUCTING AN INTERVIEW IN CAPTIONED MATTER. PLANNED INTERVIEW IS OF ERNEST GALLO, E AND J GALLO WINERY, 600 YOSEMITE BOULEVARD, MODESTO, CALIFORNIA. GALLO WILL BE INTERVIEWED IN CONNECTION WITH THE \$300,000 THAT HE CONTRIBUTED IN 1987-89 TO VOTER REGISTRATION GROUPS AFFILIATED WITH SENATOR ALAN CRANSTON.

SACRAMENTO SA WILL ASSIST IN THE INTERVIEW.

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SAC SACRAMENTO AND SAC LOS ANGELES CONCUR WITH PROPOSED TRAVEL.

BT



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED _____

SENDER'S INITIALS _____

NUMBER OF PAGES 3

TO: SAC, PHOENIX (58C-PX-41605) DATE: 8/29/91

FACSIMILE NUMBER: _____

ATTN: SA [redacted]

FROM: SAC, LOS ANGELES (58C-PX-41605) (SARA)

SUBJECT: ALAN CRANSTON, et al

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

ORIGINATOR'S NAME: SA [redacted]

ORIGINATOR'S FACIMILE NUMBER: (714) 542-8825

APPROVED: _____

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**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED 2:08 p.m.
 SENDER'S INITIALS JGJ
 NUMBER OF PAGES 3

TO: FBI Sacramento DATE: 8/29/91

FACSIMILE NUMBER: _____

ATTN: _____

FROM: FBI Los Angeles (58C-PX-41605) (SARA)

SUBJECT: Allegations Concerning U.S. Senators;
ET AL;

OO: Phoenix/Los Angeles

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

ORIGINATOR'S NAME: SA

ORIGINATOR'S FACIMILE NUMBER: (714) 542-8825

APPROVED: NDS

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TELETYPE ROOM

DE FBICL #0010 2420101

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R 292105Z AUG 91

FM FBI CINCINNATI (58C-PX-41605) (P)

TO FBI LOS ANGELES (58C-PX-41605) (SARA)/ROUTINE/

FBI PHOENIX (58C-PX-41605)/ROUTINE/

BT

UNCLAS E F T O

CITE: //3160//

SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON;
ET AL; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE.
OO: PHOENIX/LOS ANGELES.

RE LOS ANGELES TELETYPE TO CINCINNATI DATED AUGUST 15,
1991, AND CINCINNATI TELETYPE TO LOS ANGELES DATED AUGUST 26,
1991.

ON AUGUST 26, 1991, [REDACTED]
AMERICAN FINANCIAL CORPORATION, PROVIDENT TOWER, 1 EAST FOURTH
STREET, CINCINNATI, OHIO 45202, WAS CONTACTED PURSUANT TO

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TELETYPE

*FACTS TO
SARA 8/30
SAS
AUN L →*

58C-PX-41605-212

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INDEXED
FILED

AUG 29 1991

ES

[REDACTED]

[REDACTED]

PAGE TWO DE FBIC1 0010 UNCLAS E F T O

REFERENCED LOS ANGELES TELETYPE TO CINCINNATI, AUGUST 15, 1991.

[REDACTED] ADVISED THAT HE HAS KNOWN U.S. SENATOR ALAN CRANSTON CASUALLY FOR MANY YEARS BASED UPON PASSING CONTACTS AT VARIOUS PUBLIC AND SEMI-PUBLIC FUNCTIONS. HE INDICATED THAT THEY NEITHER WERE NOR ARE PERSONAL FRIENDS.

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HE ADVISED THAT NEITHER HE NOR TO HIS KNOWLEDGE HIS STAFF HAS EVER HAD OCCASION TO CONTACT CRANSTON OR HIS STAFF WITH REGARD TO ANY LEGISLATIVE OR REGULATORY MATTERS RELATED TO AMERICAN FINANCIAL CORPORATION.

NEITHER CRANSTON NOR HIS STAFF HAVE EVER PRESSURED OR OTHERWISE ATTEMPTED TO COERCE [REDACTED] OR AMERICAN FINANCIAL CORPORATION TO MAKE POLITICAL CONTRIBUTIONS.

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[REDACTED] ACKNOWLEDGED THAT AMERICAN FINANCIAL CORPORATION MADE A \$25,000.00 CONTRIBUTION BY CHECK TO THE FORUM INSTITUTE ON OR ABOUT MAY 26, 1988. THIS CONTRIBUTION IS CONSIDERED BY [REDACTED] TO BE A SOFT MONEY POLITICAL CONTRIBUTION INASMUCH AS IT WAS HIS UNDERSTANDING THAT THE MONEY WOULD BE UTILIZED FOR "GET OUT THE VOTE" OR VOTER REGISTRATION OBJECTIVES. HE UNDERSTOOD THAT THE FORUM INSTITUTE WAS ASSOCIATED WITH CRANSTON IN SOME UNRECALLED AND UNSPECIFIED WAY. HE RECALLS

PAGE THREE DE FBIC1 0010 UNCLAS E F T O

OBTAINING THIS INFORMATION ABOUT AND THE SOLICITATION TO
CONTRIBUTE TO THE FORUM INSTITUTE FROM AN UNRECALLED FEMALE
ASSOCIATE OF CRANSTON.

[REDACTED] ADVISED THAT HE WAS UNFAMILIAR WITH THE NAMES

[REDACTED] OR [REDACTED]

[REDACTED] COMMENTED THAT HE AND/OR AMERICAN FINANCIAL
CORPORATION RECEIVE APPROXIMATELY 10 TO 15 SOLICITATIONS PER
DAY FOR CONTRIBUTIONS AND DONATIONS.

[REDACTED] INITIALLY ALLUDED TO THE EXISTENCE OF A FILE AT
AFC WHICH CONTAINED INFORMATION CONCERNING POLITICAL
CONTRIBUTIONS MADE BY AFC AND/OR [REDACTED] WHEN [REDACTED] WAS
IMMEDIATELY ADVISED BY THE AFC GENERAL COUNSEL [REDACTED]
THAT EFFORTS TO LOCATE SUCH A FILE HAD NOT BEEN SUCCESSFUL.

[REDACTED] RESPONDED

THAT THE ONLY RECORD FOR SUCH CONTRIBUTIONS MAY BE THE
CANCELLED CHECKS. [REDACTED] AUTHORIZED [REDACTED] TO PROVIDE TO THE
FBI A COPY OF THE CANCELLED CHECK MADE PAYABLE TO THE FORUM
INSTITUTE DESCRIBED ABOVE.

[REDACTED] ADAMANTLY DENIED THAT THERE WAS ANY CONNECTION
BETWEEN CHARLES H. KEATING, JR. AND THE ABOVE DESCRIBED

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PAGE FOUR DE FBICI 0010 UNCLAS E F T O
CONTRIBUTION TO THE FORUM INSTITUTE.

UPON RECEIPT, A COPY OF THIS CHECK WILL BE FORWARDED TO
LOS ANGELES AND PHOENIX.

AIRTEL AND FD-302 TO FOLLOW.

BT

#0010

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/3/91

[redacted] residence [redacted]
 [redacted] Falls Church, Virginia residence telephone
 [redacted] date of birth [redacted] was interviewed in
 the law offices of Perkins Coie, 607 Fourteenth Street, N.W.,
 Suite 800, Washington D.C., where she was accompanied by attorney
 [redacted] telephone number [redacted]
 was advised of the official identities of the interviewing
 Special Agents, and that the interview concerned fund raising for
 United States Senator DONALD RIEGLE, particularly matters
 relating to CHARLES KEATING. [redacted] then furnished the
 following information:

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When asked about the opening of the Pontchartrain
 Hotel, at Detroit, Michigan, on March 1, 1986, [redacted] stated
 that she was aware that Senator RIEGLE attended the hotel's
 opening. She did not know whether RIEGLE staffer [redacted]
 attended.

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[redacted] association with RIEGLE began when she worked
 on his 1982 re-election. When he won, he brought her to his
 Senate staff. She worked as an assistant to [redacted] for a
 number of years, and began to assume some of the fund raising
 responsibility. [redacted] responsibilities included national
 (non-D.C. area) scheduling, liaison between RIEGLE's Michigan
 offices and the Washington staff, and some liaison between his
 constituents and Washington, such as arranging for White House
 tours. [redacted] went back to RIEGLE's campaign staff full-time in
 1988.

CHARLES KEATING became known to [redacted] in January,
 1987, when she began efforts to put together the fund raiser in
 Michigan. The process began with identifying dates and arranging
 logistics. [redacted] early efforts were based on [redacted]
 [redacted] notes of a meeting in January, 1987. After that
 meeting, [redacted] asked her to begin the usual process for
 identifying the date for an event.

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Investigation on 7/1/91 at Washington, D.C. File # 58C-PX-41605 - 213
 by SA's [redacted] and [redacted]
 by [redacted] Date dictated 7/3/91

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58C-PX-41605

Continuation of FD-302 of [REDACTED]

, On 7/1/91, Page 2

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[REDACTED] did not know who offered to conduct the fund raiser. She did not have any reason to believe that it was solicited by RIEGLE or someone associated with him. Most people who held fund raisers volunteered to conduct them.

[REDACTED] was the "controller of the Senator's schedule." The standard process for identifying the date for such an event began with the staff's filling out a form, which listed the host, where it was to be held, dates that were convenient for the host and a target goal of money to be raised. [REDACTED] would look at the information and submit to [REDACTED] a number of possible days for the event. [REDACTED] would contact the host, and a date was decided. [REDACTED] then submitted another form to [REDACTED] with this information. [REDACTED] believes that the originals of the forms related to the Hotel Pontchartrain event were submitted to the Senate Ethics Committee, as was the entire file that she kept.

In making arrangements for the Hotel Pontchartrain fund raiser, for coordination with American Continental, [REDACTED] worked primarily with [REDACTED]. If [REDACTED] was not available, [REDACTED] would deal with [REDACTED] an assistant to CHARLES KEATING. [REDACTED] would pass on information, as needed. [REDACTED] never dealt directly with KEATING regarding arrangements for the fund raiser.

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When asked what events stood out in her mind regarding these matters in the January-March, 1987 time period, [REDACTED] cited her putting together a trip by RIEGLE to Phoenix, Arizona, in her national scheduling capacity. RIEGLE was going to Phoenix for an unrelated, previously scheduled event, a New England Life honorarium. They scheduled a "stop by" around March 6, 7 or 10, at American Continental, since it was based in Phoenix and they were planning the March, 1987 fund raiser in Detroit. [REDACTED] asked [REDACTED] to plan the American Continental visit. [REDACTED] did not accompany RIEGLE on the trip, but [REDACTED] did. It appeared at the time to be a routine visit.

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[REDACTED] shipped lists of contributors' names to American Continental. Because the event was to be held in Michigan, the lists included names of previous donors, whom they hoped would attend. RIEGLE's office also furnished names of people to be "comped," being persons like public officials who would attend without paying. [REDACTED] assumed that the people

58C-PX-41605

Continuation of FD-302 of [REDACTED], On 7/1/91, Page 3

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whose names were furnished would be sent invitations. She thought that [REDACTED] wanted to know whom RIEGLE's office wanted invited.

[REDACTED] was involved in the preparation and submission of FEC (Federal Election Commission) reports regarding the contributions in question.

When asked whether information about the contributions put her on notice that the majority of the money came from people associated with CHARLES KEATING, and not from Michigan, [REDACTED] stated, "I was not alarmed by that." She stated that she had been doing fund raisers "for years," and when people agree to do a fund raiser, the first people that they go to for contributions are their employees and families. She added, "The only reason that any money came from Michigan was that the event was in Michigan."

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When asked how many times she had met with KEATING, [REDACTED] said one time, that she shook his hand, but did not "sit down in a room with him." The one meeting occurred when KEATING was waiting to see Senator RIEGLE, in the reception area of RIEGLE's office, and the receptionist called [REDACTED] to "chat" with him because she knew that [REDACTED] was working on the fund raiser. [REDACTED] introduced herself, saying something to the effect of, "I'm working with [REDACTED]. We appreciate what you're doing. I'm here to help in any way that I can."

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All of [REDACTED] meetings with KEATING and [REDACTED] occurred at the Senate office. She did not attend the fund raiser at the Hotel Pontchartrain. She was "sort of a conduit between [REDACTED] and [REDACTED] or the Senator."

When [REDACTED] was out of town, [REDACTED] would drop off documents with [REDACTED] invited her out "for drinks," which she assumed were social invitations, and which she turned down. He also encouraged her to have dinner with him.

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When asked whether they ever had any "closed door" meetings, [REDACTED] said that the closest thing would have been when he came into her office. [REDACTED] pointed out that she was not involved in legislative activities at all, and she never discussed items of substance, besides the fund raiser, with KEATING or [REDACTED]. During telephone calls, [REDACTED] would

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Continuation of FD-302 of [REDACTED], On 7/1/91, Page 4

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occasionally start an explanation of some tangent, a topic not in her area, and she would "cut off" the topic. She stated that, if [REDACTED] had said anything of a substantive nature, she would have immediately referred him "to [REDACTED]" She was not in a position where she could have helped him.

[REDACTED] did not recall any discussions with anyone from American Continental, other than [REDACTED] or occasionally [REDACTED] when [REDACTED] was not available.

Neither [REDACTED] nor anyone else at American Continental or Lincoln Savings and Loan (LSL) ever discussed problems of LSL with [REDACTED] or asked her for assistance regarding such matters. She did not obtain knowledge of LSL's problems until she learned about them through the media.

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[REDACTED] did not attend a meeting between CHARLES KEATING and DONALD RIEGLE on January 28, 1987. She probably learned about it "right after it occurred." Documents in the file would show when she requested dates for the fund raising event. [REDACTED] has no additional knowledge about the meeting at which the fund raiser was discussed.

When asked when, if ever, she became aware of any request by LSL for RIEGLE's assistance with the Federal Home Loan Bank Board (FHLBB), [REDACTED] stated that she "knew [REDACTED] [REDACTED] was working on some of their requests," but she did not know what they were. She later learned things about such matters from the media. [REDACTED] was not present during the January 28, 1987 meeting and did not personally work on anything on behalf of KEATING, LSL or American Continental, except the Michigan fund raiser.

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When asked how much of the approximately \$95,000 raised at the Hotel Pontchartrain event came from family, associates and employees of CHARLES KEATING, [REDACTED] stated, "I just knew it was a good amount. Again, it didn't concern me. I had seen larger amounts contributed by family and employees. It didn't stand out." She stated that, if she had known that there were requests for action going on, "it might have concerned me." [REDACTED] repeated that she did not have a legislative function. When asked again about what part of the contributions came from affiliates of American Continental, [REDACTED] said that she would guess "a good sum" or "the bulk" of the contributions.

58C-PX-41605

Continuation of FD-302 of _____, On 7/1/91, Page 5

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When asked whether she ever discussed the source of these funds with Senator RIEGLE, _____ or anyone else, _____ stated that "Some of the money was handed to me by the Senator." This would have been "money he would've received at the Pontchartrain." Thus, she assumed that he knew, but she does not know how much it was or the per cent of the total. _____ stated that "The checks indicated on the March 23 or 24 FEC report are most likely the ones RIEGLE brought back." She stated that the FEC report would also include any checks received that day in the mail.

_____ was asked what procedure was used for the preparation of FEC reports including the Pontchartrain contributions. She stated that, since it was not an election year, the report would not have been due until July 31. In determining contributors' employers, some checks would have a business card, or give the information on the response card. _____ provided a brochure with a list of holdings and affiliates.

_____ typed a list and sent it to _____ and asked her to fill in the missing information in the blanks.

A company named Public Office Corporation maintains records of contributions for RIEGLE's office. All checks are copied and sent to Public Office Corporation, to their computer person, who adds them into the system. Just before the FEC report is due, _____ point of contact, _____ (last name not recalled) sends a printout to _____ who identifies "holes" regarding information and identifies contributions with particular events. She calls the host and gets other missing information.

When asked whether _____ ever commented regarding any apparent problems, _____ said that she would occasionally note if a person was "over the limit." _____ would send a letter to the individual, requesting permission to put the excess funds (above the amount allowed for the primary election) toward the general election. The limit is \$1,000 for the primary, and \$1,000 for the general election. In the KEATING situation, the information was designated on most checks.

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In preparing the FEC reports, _____ handled all receipts, and _____ (phonetic) handled disbursements.

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Continuation of FD-302 of [REDACTED], On 7/1/91, Page 6

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[REDACTED] did not review the FEC reports, but could be consulted in their preparation. They are not required to be signed by the Senator, but are signed by the campaign treasurer. [REDACTED] does not know whether Senator RIEGLE saw the FEC reports. She stated, "We didn't submit them to him."

[REDACTED] knew that KEATING had raised money for other members of Congress. She said, "If I had been instructed to not accept money from employees and people associated with hosts, I would have probably had to turn back 75% of the money given. It was common in our organization, and I assumed it was in most. It was just routine."

The time when [REDACTED] met KEATING in RIEGLE's reception area was after the January meeting and before the Detroit fund raiser. She does not know why KEATING was there. Most hosts would meet with the Senator before the event if they were in Washington for other events. Thus, KEATING's visit was not unusual.

[REDACTED] had no contact with [REDACTED] during the 1987-1988 period, first meeting her in 1989, at the Democratic Senate Campaign Committee. [REDACTED] has never spoken to [REDACTED] about any impropriety by CHARLES KEATING or his associates.

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[REDACTED] has never met or spoken with [REDACTED]

[REDACTED] was asked whether she had ever spoken with any staff member or other representative of Senators DECONCINI, MC CAIN, or GLENN regarding KEATING, American Continental or LSL. She stated that she talked with [REDACTED] regarding the logistics of RIEGLE's Phoenix trip. [REDACTED] was picking up Senator RIEGLE. Because of a note in file, [REDACTED] thinks that she called [REDACTED] calling Senator MC CAIN's office to set up a meeting with RIEGLE. However, without the note, she does not recall the reason for the call.

[REDACTED] was not aware of any problems relating to CHARLES KEATING until she read about things in the newspaper.

[REDACTED] knew that [REDACTED] was in and out a lot, trying to see [REDACTED] in the first half of 1987. She did not hear the subject matter discussed in these visits. For the

58C-PX-41605

Continuation of FD-302 of , On 7/1/91, Page 7

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first couple of months, she assumed that it had to do with the fund raiser. She does not recall being aware of any problems.

was not aware of any function by Senator RIEGLE in arranging an April 2, 1987 meeting among FHLBB Chairman ED GRAY and several Senators, nor a related meeting on April 9, 1987.

answered in the negative when asked about knowledge of any efforts to assist KEATING or his interests in relation to the Internal Revenue Service's "qualified lender test" or the FHLBB's regulation of "direct investments."

File—Serial Charge Out
FD-5 (Rev. 6-17-70)

☆ U.S. GPO: 1974-560-582

File _____ Class. _____ Case No. _____ Last Serial _____ Date _____

Pending

Closed

Serial No.

Description of Serial

Date Charged

Serial No.	Description of Serial	Date Charged
213	OPIC	1-17-9



Employee _____

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b7C

RECHARGE

Date _____

To _____ From _____

Initials of Clerk { _____

Date { _____

Date Charged _____

Employee _____

Location _____

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 8/19/91

TO SAC, LOS ANGELES (58C-PX-41605) (WCC4/SARA) (P)
 FROM SAC, WMFO (58C-PX-41605) (C-9/NVMRA) (P)

ALLEGATIONS CONCERNING U.S. SENATORS
 ALAN CRANSTON, DENNIS D. DE CONCINI,
 JOHN GLENN, JOHN MC CAIN, DONALD REIGLE;
 CHARLES H. KEATING, JR., dba
 LINCOLN SAVINGS AND LOAN ASSOCIATION
 OF CALIFORNIA (LSL) AND AMERICAN
 CONTINENTAL CORPORATION (ACC),
 PHOENIX, ARIZONA;
 CORRUPTION OF FEDERAL PUBLIC
 OFFICIALS-LEGISLATIVE;
 OO: PX/LA

Re LA 6/12/91 tel to WMFO and WMFO facsimile to LA on 7/3/91.

Enclosed for Los Angeles are the original and two copies of the FD-302 of [redacted] and a 1A envelope containing related interview notes.

Enclosed for Phoenix are two copies of the FD-302 of the [redacted] FD-302 (for information).

This matter remains pending at WMFO.

- 3-Los Angeles (encls. 4)
- 2-Phoenix (encls. 2)
- 1-WMFO
- REA:rea
- (6)

SARA

58C-PX-41605-214

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 13 1991	

[redacted]

W/ Erickson

Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

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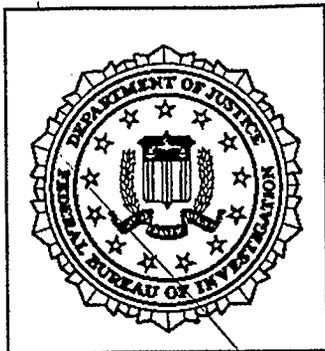
b6
b7C

58C Px 41605-215

21 4
AUG 1991

FBI - LOS ANGELES

July



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED _____

SENDER'S INITIALS _____

NUMBER OF PAGES 4

TO: NEW YORK DIVISION (58C-PX-41605) DATE: 8/14/91

FACSIMILE NUMBER: 212/335-2700

ATTN: _____

FROM: SAC, LOS ANGELES (58C-PX-41605) (SARA-3)

SUBJECT: Allegations Concerning U.S. Senator ALAN CRANSTON,
etal.

RE: LA TT dated 8/13/91

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

58 DESK

ORIGINATOR'S NAME: SA

ORIGINATOR'S FACSIMILE NUMBER: (714) 542-8825

APPROVED: [Signature]

Sent
10:20am
8/14/91
CLA

U.S. Senator Alan Cranston

Washington, D.C.

May 9, 1988

[Redacted]

New York, New York 10004

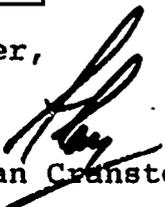
Dear [Redacted]

Many, many thanks for your generous contribution to Forum Institute. Your willingness to support the work we are doing to promote increased voter participation is greatly appreciated.

Our work is moving forward rapidly. Programs in about 20 states are now beginning to receive funds to conduct training, intensive voter education and registration programs. These efforts will be critical not only to putting a Democrat in the White House, but to increasing our majority in the Senate.

Thanks again for your marvelous concern and commitment on this and so many other things, [Redacted]

Ever,


Alan Cranston

*Thanks [Redacted]
You're wonderful!*

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b7c

S4002917

U.S. Senator Alan Cranston

Washington, D.C.

March 2, 1988

[Redacted]

New York, New York 10004

Dear [Redacted]

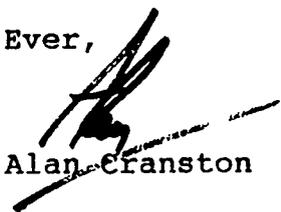
I'm deeply grateful to you for your generous commitment to raise -- or give personally -- \$100,000 by April 1.

Many, many thanks for your willingness to take on so meaningful a role in our efforts to move voter participation forward fast!

In accordance with our conversation, I've asked [Redacted] and [Redacted] to be in touch with you to provide any further information you may need.

[Redacted] you're great! I welcome the prospect of collaborating closely with you on this vitally important endeavor to move voter participation forward and make democracy work for all. We have the opportunity to mobilize millions of voters in many key states this November.

Ever,


Alan Cranston

I appreciated

[Redacted]

call yesterday.

S4003017

FEBRUARY 26, 1988

TO: ALAN [redacted]

FROM: [redacted]

RE: FEBRUARY 29, 1988 -- NEW YORK CITY

MONDAY, FEBRUARY 29, 1988 (AC, [redacted])

7:30 AM PAN AM SHUTTLE DEPART NATIONAL AIRPORT

8:30 AM ARRIVE LA GUARDIA

9:00 AM BREAKFAST WITH [redacted] AT HIS HOME

[redacted]

10:30 AM [redacted]

o) secretary [redacted]

NOON [redacted]

--TENTATIVELY 1. i

2:30 PM [redacted]

[redacted]

4:00 PM [redacted]

contact is [redacted] who will likely join the meeting.

5:30 PM TENTATIVELY WITH [redacted]

7:15 PM DINNER WITH [redacted] AND [redacted]

[redacted]

THE ALGONQUIN

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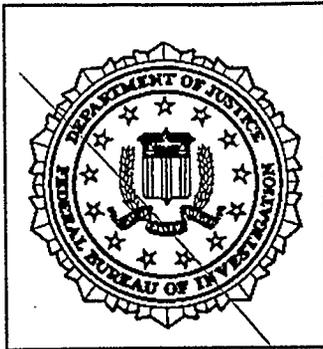
58C Ax-41605-216

by [unclear]

AUG 1991

FBI - LOS ANGELES

for



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED _____

SENDER'S INITIALS _____

NUMBER OF PAGES 3

TO: SAC, SPRINGFIELD (58C-PX-41605) DATE: 8/14/91

FACSIMILE NUMBER: 217/522-9675

ATTN: _____

FROM: SAC, LOS ANGELES (58C-PX-41605) (SARA)

SUBJECT: Allegations Concerning U.S. Senator ALAN CRANSTON,
et al

RE: LA TT dated 8/13/91

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

58 DESK

ORIGINATOR'S NAME: SA [Redacted]

ORIGINATOR'S FACSIMILE NUMBER: (714) 542-8825

APPROVED: [Signature]

Sent
8/14/91
10:25am
Ch

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In the name of environmentalism, some special interest groups are about to put their hands into the pockets of American motorists.

Political greenmail

By Brigid McMenamín

IF YOU LIVE in a city that has high levels of air pollution by Environmental Protection Agency standards, you may have to pay 10 to 15 cents more per gallon of gas soon. Only it won't be called gasoline. It will probably be called gasohol. It will be a mix of gasoline and some form of ethanol, which is made from corn. No, the extra cost won't go into a fund to clean up the air. It's the tribute you will pay to a special interest group that has its hands in your pocket and some key congressmen in its pocket.

Meet the latest strange political alliance. It unites corn farmers, Archer Daniels Midland, Ralph Nader's Citizen Action, the Sierra Club and the Natural Resources Defense Council. Last year members of this alliance convinced Congress to change both the Clean Air Act and the tax code in ways that will ultimately raise demand for alternative fuels made with ethanol. The regulations are still being written, but the law will require drivers to use gasoline mixed with ethanol or other oxygen additives where carbon monoxide levels are high. Also, the EPA has to come up with fuel regulations to reduce ozone pollution. The leading candidate for the additive to do this is ethyl tertiary butyl ether (ETBE), a formulation of ethanol.

But requiring motorists to use ethanol-based fuel will not really improve air quality. Nor will it significantly reduce oil imports.

What gives? Step back to 1989. The Clean Air Act of 1970 was about to be

amended. Every politician including President Bush wanted credit for being pro-environment. The Administration proposed sweeping revisions to the Clean Air Act. Congress did likewise. Joining in, 19 organizations from the Sierra Club to the Environmental Defense Fund formed the National Clean Air Coalition to lobby for amendments its members wanted.



When it came to alternative fuels, some went along out of greed, some for purely political reasons.

Informed environmentalists knew that blending ethanol with regular gasoline couldn't deliver significant benefits in cleaner air. Yet they went along with the change—perhaps to please powerful people like corn state Senator Robert Dole (R-Kans.) In return, maybe Dole and the corn folks would roll a log or two for them.

As the Clean Air Act amendments were making their way to the President's desk, Congress and the Treasury Department got into the ethanol act on another front. Congress decided to extend tax incentives benefiting ethanol use to the year 2000 and the Treasury Department ruled that the incentives also applied to ETBE. The Environmental Defense Fund ques-

tioned extending the tax credit—rather quietly. But it didn't insist, and anyway it didn't stand a chance amid the ethanol boosters.

Meanwhile, corn farmers and Archer Daniels Midland Co. (revenues, \$7.8 billion) were ecstatic. ADM produces about 70% of domestic ethanol. Despite billions in state and federal tax subsidies, ethanol—which is expensive to produce and distribute—still hasn't really caught on. That's where lobbying comes in: If people won't buy it, you shove it down their throats.

In April 1990 William Holmberg, former Energy Department official, formed SAFER (Safer Air through Fuel Enhancement, Reformulation & Reforestation). Its mission: to make sure the amendments promote ethanol, "the clean air gas." Footing the bill was the state of Nebraska.

Never mind that Thomas Austin of Sierra Research says ethanol blends scarcely reduce emissions in old cars, and are even less effective in new cars.

Burning ethanol actually increases aldehyde emissions and worsens ozone pollution (FORBES, Mar. 5, 1990). Ethanol is highly flammable and hard to distribute through pipelines.

Gasohol is 90% gasoline, and even the 10% pure ethanol that's mixed in is dependent on oil. Oil is used in cultivating corn; still

more is used to process the corn into ethanol. Blending ethanol with gasoline may not decrease overall U.S. energy dependency.

The gasohol provision, nonetheless, became law.

Charles Hall, of the College of Environmental Science & Forestry in Syracuse, puts it bluntly: "The basis of it [gasohol] is political, not scientific." One official at the Congressional Research Service—anonously—described this alliance between environmentalists and industry as "almost irresponsible." Andrew Hoerner, a lawyer who writes for *Tax Notes*, says: "The ETBE industry might grow into a giant tick . . . surviving only by sucking blood from the taxpayer."

Environmentalism, what crimes are committed in thy name. ■

U.S. Senator Alan Cranston

Washington, D.C.

May 4, 1988

[Redacted]

Decatur, Illinois 62525

Dear [Redacted]

Many, many thanks for ADM's recent generous contribution to Forum Institute. Your willingness to support the work we are doing to promote increased voter participation is greatly appreciated.

Our work is moving forward rapidly. Programs in about 20 states are receiving to conduct training, intensive voter education and registration programs. Right now we expect nationally to register approximately 2.5 million new voters and, in November, turnout 3-4 million additional votes.

Thanks again for your marvelous concern and commitment on this and so many other things, [Redacted]

Ever,

Alan
Alan Cranston

Thanks, too, for that material re the USSR, just received it, and haven't had a chance to absorb it yet.

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S4002927

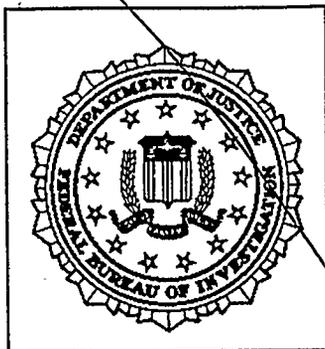
58C-PX-416 05-217

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AUG 1991

FBI - LOS ANGELES

Handwritten signature



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

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- PRIORITY
- ROUTINE

CLASSIFICATION

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TIME TRANSMITTED _____

SENDER'S INITIALS _____

NUMBER OF PAGES 6

TO: SAC, WMFO (58C-PX-41605) (NWRA) ^(K9) DATE: 8/14/91

FACSIMILE NUMBER: 202/324-6426

ATTN: SA [redacted]

FROM: SAC, LOS ANGELES (58C-PX-41605) (SARA)

SUBJECT: Allegations Concerning U.S. Senators ALAN CRANSTON,
et al

RE: LA TT dated 8/13/91

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

SA [redacted]

ORIGINATOR'S NAME: SA [redacted]

ORIGINATOR'S FACSIMILE NUMBER: (714) 542-8825

APPROVED: *[Signature]*

Sent
8/14/91
10:30 am
clh

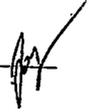
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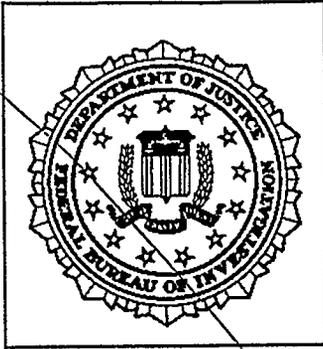
58C-RX-41605-218

07 4

AUG 1991

FBI — LOS ANGELES





**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

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- PRIORITY
- ROUTINE

CLASSIFICATION

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- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED _____

SENDER'S INITIALS _____

NUMBER OF PAGES 5

TO: SAC, DALLAS (58C-PX-41605) DATE: 8/14/91

FACSIMILE NUMBER: 214/720-2200

ATTN: _____

FROM: SAC, LOS ANGELES (SARA)

SUBJECT: Allegations concerning U.S. Senator ALAN CRAWSTON,
et al

RE: LA TT dated 8/13/91

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

58 DESK

ORIGINATOR'S NAME: SA [Redacted]

ORIGINATOR'S FACSIMILE NUMBER: (714) 542-8825

APPROVED: [Signature]

Sent
10:15 am
8/14/91
clh

1. What timetable has the Bank Board set in place in terms of making a final decision on a plan for FCA?
2. If the Bank Board has no particular timetable in mind for final resolution of FCA's problems, will the Board issue a new comfort letter so that FCA can continue to function in the repo market on Wall Street?
3. What will be the actual and accounting impact of each of the alternatives for the Federal Savings & Loan Insurance Corporation (FSLIC) under various interest rate scenarios? Please also factor in assumed future losses resulting from bad assets currently carried on the books of American Savings.
4. What are the competitive and economic ramifications of removing American from the mortgage market?
5. What might be the social and economic impact of possibly removing 2,100 jobs from the Stockton area economy?
6. What will be the possible position and/or treatment of FCA shareholders?
7. How will the real estate markets be impacted where American has mortgage loans and real estate holdings? Please also include in this analysis, the possible impact in Texas, Oklahoma and Louisiana based upon American's involvement in those energy depressed areas.
8. What might be the public's reaction to the possible disappearance of American Savings? Some are of the opinion that due to the great amount of adverse publicity regarding FSLIC, major changes for a large financial institution may cause some continued erosion of public confidence.
9. Please indicate the cost to the FSLIC of each of the alternatives available as a solution to the FCA problem?
10. How will the problem assets (loans and real estate) of American be managed in the future? For example, is it contemplated under one of the alternatives that such assets be managed by FSLIC or FADA?

11. What will be done with the Mortgage Packed Securities (MBS) held by American?
12. How will the risk of future fluctuating interest rates be handled?
13. What will be the possible tax ramifications and how might such considerations be best managed to the maximum benefit for the institution, its shareholders and FSLIC?
14. How might the availability of fixed rate mortgage be affected?

Your earliest response to the above will be appreciated. It will also be greatly appreciated if you would add in your briefing, any additional factors, consideration and expected results which you feel will enhance my knowledge of the subject.

Sincerely,


Alan Cranston

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/91

[redacted] date of birth: [redacted]
 [redacted] Santa Monica, California, [redacted]
 was interviewed in the presence of his attorney, [redacted]
 [redacted] HELLER, EHRMAN, WHITE, AND MCAULIFFE, 601 South
 Figueroa Street, Los Angeles, California, [redacted] After
 having been advised of the interviewing agents' identities and
 the nature of the interview, [redacted] provided the following
 information:

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[redacted] advised that [redacted]
 [redacted]

[redacted] advised that until 1978, [redacted]
 [redacted] Senator BIRCH BAYH in Washington, D.C., [redacted]
 [redacted] He then worked for a quasi
 government agency in Washington D.C. before moving to Los Angeles
 to practice law. [redacted]
 other campaigns, namely LEO MCCARTHY's campaign for Senate in
 1988, and DIANE FEINSTEIN's Campaign for Governor of California
 in 1990.

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[redacted] stated that [redacted] he had minimal
 involvement in fund raising for two reasons. One reason was that
 CRANSTON was in Washington, D.C., while [redacted] was in California,
 and the second reason was that [redacted] did a good job of
 fundraising and did not need supervision. [redacted] said his main
 focus as campaign manager was on the message necessary to win the
 campaign, although he did focus on cash flow.

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[redacted] advised that in 1986, he knew LINCOLN SAVINGS AND
 LOAN ASSOCIATION (LSL) was in a battle with the FEDERAL HOME LOAN
 BANK BOARD (FHLBB), although [redacted] was unsure how he knew this,
 and he speculated that he learned this from newspaper accounts.
 [redacted] said he could not recall discussing the LSL/FHLBB battle
 with [redacted] although he may have.

Investigation on 8/5/91 at Los Angeles, California File # 58C-PX-41605-219
 by SA [redacted] dcd Date dictated 8/7/91

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58C-PX-41605

Continuation of FD-302 of [REDACTED]

, On 8/5/91

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[REDACTED] said his contact with CRANSTON's staff was [REDACTED] and [REDACTED] generally did not speak with any staff members other than [REDACTED]. [REDACTED] said he did not discuss the LSL/FHLBB situation with [REDACTED]. [REDACTED] added that [REDACTED] he was concerned about the political effect of events occurring during the campaign, and he had no specific recollection of any discussions of possible political ramifications from dealing with LSL or CHARLES KEATING.

[REDACTED] explained that in the 1986 campaign, CRANSTON had no opponent in the primary election and, therefore, the campaign had lots of cash in the bank. The campaign had no cash problems until late in the campaign. [REDACTED] added that CRANSTON did not want to go into debt on the 1986 campaign because CRANSTON still had a debt from his 1984 Presidential campaign, and [REDACTED] had assured CRANSTON that he would not go into debt. A few weeks before the election, the campaign media consultants told [REDACTED] that the polling data showed that it would be a close election, and that more money needed to be spent on television advertising than had been originally anticipated. [REDACTED] said he then went to CRANSTON and said that although he had promised there would be no necessity to go into debt, the media consultants had said the spending was necessary to win the election. CRANSTON then agreed to borrow money, which led to the campaign obtaining a loan from DEAUVILLE SAVINGS AND LOAN ASSOCIATION.

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[REDACTED] said DEAUVILLE was run by [REDACTED] who was a supporter of CRANSTON and otherwise active in politics. [REDACTED] could not recall who suggested DEAUVILLE as a potential lender, and he does not know who arranged the loan with DEAUVILLE, although [REDACTED] speculated that it was CRANSTON or [REDACTED] because those two were most directly involved in fundraising. [REDACTED] recalled having contact with someone on the DEAUVILLE staff regarding the paperwork for the loan, including possibly how to structure the loan, but [REDACTED] could not recall discussing the terms or otherwise negotiating the DEAUVILLE loan, although [REDACTED] said he could have done so.

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58C-PX-41605

Continuation of FD-302 of [redacted], On 8/5/91, Page -3-

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[redacted] said he was cautious because he felt the race was very close. [redacted] said he assumed that the DEAUVILLE loan would provide enough money to do what the media consultants wanted, but [redacted] was concerned that the campaign may be a little short of cash. [redacted] therefore suggested to CRANSTON or [redacted] that the campaign obtain a backup letter of credit in case the DEAUVILLE funds were insufficient.

[redacted] explained that television stations work on a Tuesday through Monday advertising week, and that they require payment in full on the Thursday before the first Tuesday of the week. Thus, to purchase advertising for the last week of the campaign, the money would be needed by Thursday, October 23, 1986. [redacted] added that last minute television could be arranged in some cases, and he contemplated that the back up line of credit could be used for these last minute television buys.

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[redacted] said he did not know who suggested LSL as a lender to the campaign. [redacted] said he could not recall whether he was involved in the loan negotiations or arrangements with LSL. [redacted] could not recall the exact timing of the LSL line of credit application, but he thought that it would have happened after the DEAUVILLE loan was arranged, that is, sometime after October 6, 1986.

[redacted] stated that there was no need to keep the LSL or DEAUVILLE loans confidential, because they would all be reported eventually. [redacted] did not recall any need to keep the fact that the campaign was borrowing from the media, although there could have been such a concern in the campaign. [redacted] said there was no problem with borrowing money from DEAUVILLE or LSL, especially as to DEAUVILLE. [redacted] generally recalled LSL having a public disagreement with the FEDERAL HOME LOAN BANK OF SAN FRANCISCO, but SRAGOW then had no knowledge of CRANSTON being involved in the disagreement. [redacted] said he could not recall discussing this issue at the time. [redacted] added that he had no knowledge of any discussions of keeping the LSL line of credit confidential after the election in 1986.

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58C-PX-41605

Continuation of FD-302 of [REDACTED], On 8/5/91, Page -4-

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[REDACTED] said he had no knowledge of any desire or instruction to destroy the line of credit documents at either LSL or the CRANSTON campaign. [REDACTED] said he had no knowledge that [REDACTED] had requested that the LSL line of credit documents be destroyed to prevent [REDACTED] or someone else in the campaign from drawing on the line of credit.

[REDACTED] said he did not recall talking with anyone at LSL, although he could have talked with someone at LSL regarding the line of credit. [REDACTED] said he has never met or talked on the telephone with KEATING, [REDACTED]

[REDACTED] explained that [REDACTED] he was always looking for problems in the campaign, and he did not remember the LSL letter of credit ever being considered a problem. [REDACTED] said he could not recall having any discussion with [REDACTED] or anyone else regarding anything CRANSTON had done for LSL. [REDACTED] said he did not recall being aware that LSL had requested help from CRANSTON's office. [REDACTED] added that it would have raised a red flag if [REDACTED] had told him that she discussed legislation and the letter of credit with [REDACTED] in the same conversation. [REDACTED] added that he was not surprised that LSL issued the letter of credit, because CRANSTON had good relations with many financial institutions.

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[REDACTED] said he knew of no individual who had helped CRANSTON in his campaign, and who also had problems pending before CRANSTON's office. [REDACTED] said he knows of no "special favors" done by CRANSTON for any contributors. [REDACTED] explained that he recalled that the issue of deregulation of the SAVINGS AND LOAN ASSOCIATIONS was current in 1986, but [REDACTED] considered this a policy question, and not a particular constituent service question.

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[REDACTED] stated he was unaware at the time that KEATING contributed \$85,000 to the California Democratic Party in October, 1986. [REDACTED] explained that he generally did not know what was going on with the soft money in the campaign, because his responsibilities dealt only with the hard money.

58C-PX-41605

Continuation of FD-302 of [REDACTED], On 8/5/91, Page -5-

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[REDACTED] never learned how the \$85,000 was raised, and he could not recall any later conversations with CRANSTON or [REDACTED] regarding the \$85,000. [REDACTED] said he thought he first learned about the \$85,000 contribution by reading about it in the newspaper.

[REDACTED] said he once met [REDACTED] at a fundraising event, but that [REDACTED] had no knowledge of what [REDACTED] may have done for CRANSTON, and what CRANSTON may have done for [REDACTED]. [REDACTED] said he is unfamiliar with [REDACTED].

[REDACTED] concluded that he had no knowledge of any illegal, unethical, or politically embarrassing events that occurred during CRANSTON's 1986 campaign.

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[REDACTED] said he had no communication with anyone at ISL regarding the ISL line of credit in 1986, and that he was not present for the signing of the documents relating to the ISL line of credit.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/26/91

[redacted] GENERAL POWER CORPORATION, was interviewed at his place of business, 1045 South East Street, Anaheim, California, telephone: [redacted]. After having been advised of the interviewing agent's identity and the nature of the interview, [redacted] provided the following information:

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[redacted] fundraising event for CRANSTON in Orange County in 1986, and this event raised approximately \$15,000 for CRANSTON's campaign. [redacted] later explained that although he thought that this event raised only \$15,000, it was possible it raised as much as \$30,000. [redacted] said the event was attended by approximately 20 or 25 individuals, some of whom [redacted] employees, and some were persons who had done business [redacted] said he contributed to CRANSTON's campaign himself within the limits prescribed by law. [redacted] added that he attended a separate fundraising function for CRANSTON in Los Angeles.

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[redacted] explained that in approximately 1985, [redacted] had government contracts to provide power equipment for certain Aegis cruisers, and a competitor, TELEDYNE, had the contract to provide the power equipment for other ships. [redacted] said he learned TELEDYNE was lobbying Congress and the Secretary of the Navy to provide power equipment for other ships, and [redacted] had no such lobbying. In response to TELEDYNE's lobbying, [redacted] wrote his own "white paper" and took it to anyone who would listen to his story. [redacted] said he approached California Senators CRANSTON and PETE WILSON, his Congressman WILLIAM DANNEMEYER, the Mayors of Anaheim and Fullerton, and members of the Armed Service Committees. [redacted] said WILSON would never listen to him and just had him meet with aides. [redacted] said he received just "lip service" from WILSON's office. On the other hand, CRANSTON listened to MORSE's story. [redacted] said he did not know CRANSTON before he approached CRANSTON with his problems with the Navy contract.

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Investigation on 8/6/91 at Anaheim, California File # 58C-PX-41605-220
by SA [redacted] dcd Date dictated 8/7/91

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58C-PX-41605

Continuation of FD-302 of _____, On 8/6/91, Page -2-

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_____ said he met _____ on one of his trips to Washington, D.C. When _____ asked him to hold a fundraising event, _____ said he checked with his lawyer, and then agreed to do so. _____ explained that he checked with his lawyer only because his lawyer was also a friend, and he checked everything with his lawyer. _____ said he did not "sense" any connection between the fundraising event and CRANSTON's help for _____ and _____ did not feel uncomfortable holding the fundraising event. _____ added that most of CRANSTON's help came before the request to hold the fundraising event. _____ explained that he was willing to contribute to CRANSTON's campaign and to hold the fundraising event, because CRANSTON had met with him and listened to the problem of _____. _____ said this fundraising event for CRANSTON was the only one he ever sponsored. _____ added that he made political contributions to others, including WILSON, DANNEMEYER, and CRANSTON's opponent in 1986, ED ZSCHAU.

_____ said he had ongoing conversations with CRANSTON's office in 1987 regarding his problem with the Navy. _____

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_____ the sale was motivated partly by _____ becoming fed up with dealing with the government. The division that was sold was known as ALS CORPORATION. _____ believed the new owners of ALS CORPORATION continued to ask CRANSTON's office for assistance.

_____ stated that, at his request, CRANSTON wrote letters and probably made telephone calls on _____ behalf, primarily to the Secretary of the Navy. _____ stated that he also had dealings with _____ of CRANSTON's office, and possibly others whose names he could not recall. _____ said he met _____ only on one occasion in Washington, D.C., which was when she asked him if he would host a fundraising event for CRANSTON. _____ could not recall the location of his meeting with _____ but he said it would have been either in CRANSTON's office, or at a dinner meeting. _____ added that _____ also attended the fundraising event that he hosted. _____ advised that he did not remember discussing his navy problems with _____, unless she was involved in writing the letters and making the phone calls on _____ behalf. _____ added that he thought _____ was on CRANSTON's Senate staff, and _____ did not distinguish between CRANSTON's campaign staff and CRANSTON's Senate staff.

58C-PX-41605

Continuation of FD-302 of [REDACTED], On 8/6/91, Page -3-

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[REDACTED] initially stated that he could recall other requests from [REDACTED] or CRANSTON for campaign contributions, contributions to any other entities, such as the California Democratic Party, to CRANSTON's voter registration groups, or for any other assistance. However, [REDACTED] later added that he was asked on several other occasions, by [REDACTED] or CRANSTON, to attend CRANSTON's superbowl events, but [REDACTED] never contributed nor attended.

[REDACTED] explained that the only way he was "helpful" to CRANSTON was hosting the one fundraising event in 1986. [REDACTED] added that he also was "helpful" to CRANSTON, in that at every chance he had, [REDACTED] described his bad experience with Senator WILSON and his good experience with CRANSTON. [REDACTED] said he did not know whether [REDACTED] was aware of [REDACTED] outspoken support of CRANSTON, but that she could have been, because [REDACTED] was so outspoken.

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[REDACTED] stated that the description of his problems with the Navy [REDACTED]

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[REDACTED]

[REDACTED] advised that he is a Republican.

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SI 58C-PX-41605

BDS/ksy

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The following investigation was conducted by Special Agent (SA) [redacted] at Decatur, Illinois:

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On August 22, 1991, [redacted] ARCHER DANIELS MIDLAND COMPANY (ADM), 4666 Faries Parkway, advised that he assists in the administrative process of making contributions as authorized by [redacted] said that he recalled the organization AMERICAVOTES and thought it was associated with the White House and was supported by President REAGAN.

[redacted] explained that all contributions made are maintained on the ADM computer files. [redacted] attempted to find the contribution to AMERICAVOTES in 1986, but was unable to. [redacted] was furnished with the names AMERICAVOTES, VOTE AMERICA, the CITIZENS PARTICIPATION PROJECT: THE MISSING HALF, and USA VOTES. [redacted] advised that he would search the computer for entries made regarding these organizations.

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On August 28, 1991, SA [redacted] received a computer printout regarding donations made by ADM via United States mail from [redacted]

58C-PX-41605-221

of of
AUG 1991

10/1/91

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/12/91

[REDACTED] ARCHER DANIELS
 MIDLAND COMPANY (ADM), 4666 Faries Parkway, telephone [REDACTED] was interviewed regarding his knowledge of contributions made to any of the following entities: AMERICAVOTES, USA VOTES, FORUM INSTITUTE, or the CITIZENS PARTICIPATION PROJECT: THE MISSING HALF, also the nature of any contacts between he and United States Senator ALAN CRANSTON. [REDACTED] was aware of the identity of the interviewing Agent and was advised of the nature of the interview. [REDACTED] furnished the following information:

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[REDACTED] advised that the initial contribution/donation of \$50,000 was made in response to a request by an unknown individual or individuals at attendance in a meeting of a group of democrats in Washington, D.C., in 1986. [REDACTED] advised that he made an equal contribution to the republicans in 1986. [REDACTED] said that he had difficulty in recalling specifically who made the request because he is constantly asked by various people to make contributions to a variety of organizations. [REDACTED] did recall that the purpose of this donation/contribution was to assist in voter registration.

[REDACTED] said that after making the initial donation/contribution, he continued to make annual contributions/donations, as he felt that the purpose of the organization was beneficial in assisting in voter registration.

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[REDACTED] said that he has had no personal contact with any particular individual for soliciting the contributions, and that the administrative part of issuing the checks and following up on the contributions/donations are delegated to [REDACTED]

Regarding United States Senator ALAN CRANSTON, [REDACTED] said that he is acquainted with CRANSTON, but has absolutely no relationship with any United States senator. [REDACTED] was shown a photocopy of a letter, dated May 4, 1988, and signed by ALAN CRANSTON, and [REDACTED] said that he had an accidental meeting with CRANSTON on one occasion, while in the subway between other parts of Washington, D.C., and Capitol Hill, and that he and CRANSTON went to CRANSTON'S

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Investigation on 9/3/91 at Decatur, Illinois File # SI 58C-PX-41605-222
 by SA [REDACTED]/ksy Date dictated 9/5/91 ATG 1001

[REDACTED]

SI 58C-PX-41605

2

office and at that time, CRANSTON asked him [REDACTED] if he could assist in expediting the release of two Jewish people from the Union of Soviet Socialist Republics (USSR). [REDACTED] said that he met with CRANSTON in his outer office on that occasion. [REDACTED] said that as a result of CRANSTON's request, [REDACTED] sent some material that he had at his office of the USSR Trade and Economic Council regarding the Soviet Union. [REDACTED] advised that the above-described occasion was the only time he personally met with CRANSTON outside of group meetings with him while in Washington.

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Regarding the contributions/donations, [REDACTED] explained again that after making the initial contribution/donation, he had the organizations reviewed by ADM attorneys, who told him that the organizations were legitimate and thereafter, [REDACTED] decided to contribute on an annual basis.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 9/12/91

TO : SAC, LOS ANGELES (58C-PX-41605) (SARA)

FROM *RW/AM* SAC, SPRINGFIELD (58C-PX-41605) (RUC)

SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS
 ALAN CRANSTON, DENNIS DECONCINI,
 JOHN GLENN, JOHN MC CAIN, DONALD RIEGLE;
 CHARLES H. KEATING, JR., dba Lincoln
 Savings and Loan Association, Irvine, California,
 and American Continental Corporation,
 Phoenix, Arizona
 CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE
 OO: PX/LA

Re LA tel, 8/15/91, and SI telcals of SA [redacted]
 [redacted] Decatur, IL RA, to LA SA [redacted]

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Enclosed for Los Angeles are two copies of an
 FD-302 reflecting interview of [redacted]
 [redacted] ARCHER DANIELS MIDLAND COMPANY, Decatur, Illinois; two
 copies of an insert regarding information furnished by [redacted]
 [redacted] and one FD-340 containing computer printouts
 reflecting disbursements by ADM.

Enclosed for Phoenix are two copies of an FD-302
 reflecting interview of [redacted] described above; the
 original and two copies of an insert regarding information
 furnished by [redacted] and one FD-340 containing
 computer printouts reflecting disbursements by ADM.

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- P.M.*
- ② - Los Angeles (58C-PX-41605) (Encls. 5)
 - 2 - Phoenix (58C-PX-41605) (Encls. 6)
 - 1 - Springfield (58C-PX-41605)

BDS/ksy
 (5)

1*

SARA

58C-PX-41605-223

SEARCHED
 SERIALIZED
 WCC 4
 SEP 19 1991

[redacted signature box]

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/12/91

[redacted] white male, born [redacted] was interviewed at the BASS SECURITY OFFICE at 6000 Western Place, Suite 475. [redacted] advised that his main office is 201 Main Street, Fort Worth, Texas.

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[redacted] who was interviewed in the presence of his attorney [redacted] telephone [redacted] was advised of the identity of the interviewing agents and that he was being contacted in regards to an investigation of Senator ALAN CRANSTON and matters relating to contributions and actions by Senator CRANSTON and others.

[redacted] advised that many people [redacted] have been involved with the purchase of AMERICAN SAVINGS (AS) in California but that the two primary persons involved were [redacted] who was actually the lead man in the AS transaction and [redacted] of the firm WILLIAM AND JENSON, Washington, D.C. Besides these two, [redacted] himself was actively involved in arranging the purchase of AS.

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[redacted] explained in the midst of the AS transaction he paid courtesy calls on two or three occasions with Senator CRANSTON and other representatives in Washington who were connected with or members of the banking committee. He had a few telephone calls with Senator CRANSTON and also engaged in written communications with him, mainly with the emphasis of keeping Senator CRANSTON informed of the status of the negotiations. Some of these letters went out under [redacted] signature but were compiled and written by others [redacted] primarily dealt with Senator CRANSTON but [redacted] dealt with other members of Senator CRANSTON's staff, the full details and extent of which is unknown.

[redacted] recalled that Senator CRANSTON expressed "extreme pleasure" that [redacted] was interested in this purchase, but Senator CRANSTON never promised anything specific, rather expressing an interest in the well being of the employees of AS. Senator CRANSTON was interested in [redacted] pledge to keep the 2,000 AS employees on the payroll in Stockton, California. Senator

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Investigation on 9/11/91 at Fort Worth, Texas File # 58C-PX-41605-224
 by SA [redacted] smf Date dictated 9/11/91

58C-PX-41605

Continuation of FD-302 of [REDACTED], On 9/11/91, Page 2

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CRANSTON never mentioned speaking with anyone on their behalf during his contacts with Senator CRANSTON or during this transaction. Senator CRANSTON's focus was mainly inquiring as to how [REDACTED] was doing on putting the deal together. It was obvious Senator CRANSTON wanted to be knowledgeable of the situation.

[REDACTED] is aware of nothing Senator CRANSTON did to facilitate that transactions and specifically knows of no discussions CRANSTON may have had with the Federal Home Loan Bank Board (FHLBB) or anyone else, in any effort to help them. [REDACTED] said that he is unsure, in that he does not really know, whether he actually needed Senator CRANSTON's help or not in order to finalize his purchase. He knows that he did not ask Senator CRANSTON to do anything for them but he admitted he can not answer the question of whether anyone on his staff may have asked CRANSTON or anyone on his staff to assist them. In any case he does not know of any such request.

Senator CRANSTON did not solicit any contributions for anything and specifically not for any committee or any campaign. No one asked him on Senator CRANSTON's behalf to contribute to anything. There was no hint that anything could be done to help them if any contribution was made.

[REDACTED] does not know and has never heard of [REDACTED] and has never heard of an organization by the name USA VOTES or AMERICA VOTES. He has never heard of NEW DIMENSION RESOURCES and categorically denied that in 1988 or any other time did he make a \$150,000 contribution to USA VOTES or AMERICA VOTES. He has made no contributions to Senator LLOYD BENTSON and he certainly has not distributed any funds to any organization or committee "via BENTSON". He has not given \$100,000 to Senator BENTSON for any collection in regards to any cause.

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[REDACTED] does not know and has never heard of [REDACTED] or [REDACTED] FORUM INSTITUTE and ORGANIZING INSTITUTE are totally unknown to him. He has never heard of [REDACTED] and stated that he has read about [REDACTED] but up until then was never aware that [REDACTED] and has never met [REDACTED]. He commented that he has never heard of the CENTER FOR PARTICIPATION IN DEMOCRACY but he is aware of an organization by the name of SOUTHWEST VOTERS REGISTRATION PROJECT (SVRP).

58C-PX-41605

Continuation of FD-302 of [REDACTED]

, On 9/11/91, Page 3

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[REDACTED] continued that he has known about SVRP for several years, dating back to before 1988. Several people have recommended it to him and have spoken highly of it. Specifically Senator LLOYD BENTSON spoke highly of it and Senator ALAN CRANSTON, as well as DIANE FEINSTEIN who is also a personal friend. [REDACTED] has contributed approximately \$200,000 to \$250,000 to that organization.

In regards to Senator CRANSTON speaking highly of the organization, he recalls that in mid to late 1988 Senator CRANSTON asked him to consider helping that organization and BASS told him that he "already was" explaining that he meant that he was already considering helping them at that time. It did not sound to [REDACTED] like Senator CRANSTON was aware of his already existant interest in that organization, but this comment was made during small talk. He said that he can not exactly say how this came up in the conversation but his best recollection is that it was along the lines of the fact that the SVRP does "real good work" and were "worthy of help". CRANSTON did not directly ask him to contribute and CRANSTON did not discuss his own role or participation, if any, in that organization.

[REDACTED] knows that the headquarters for SVRP is in San Antonio and he knows that any contributions he made to them went directly to their headquarters in San Antonio and not through Senator BENTSON. When this organization was recommended to him, he had his staff do "due diligence" on the organization. He found the organization to be well run and worthy of his support, explaining that the organization works to register voters in the Rio Grande area of South Texas across the southern part of the U.S. to Southern California. He believes they work primarily in the Hispanic community with people who would otherwise be disenfranchised. They also file law suits in situations in which voters registration is impeded.

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When Senator CRANSTON mentioned this organization, [REDACTED] was already in the process of doing the due diligence and his subsequent contribution to that organization had nothing to do with Senator CRANSTON's request. [REDACTED] made subsequent contributions and Senator CRANSTON never followed up and asked later about the contributions. He can recall only one time when this was ever mentioned by Senator CRANSTON, and no dollar figures were ever discussed with him. He was not asked to send any check to Senator CRANSTON nor was he asked to make any check

58C-PX-41605

Continuation of FD-302 of [REDACTED], On 9/11/91, Page 4

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payable to USA VOTES.

[REDACTED] was questioned regarding an alleged telephone discussion with Senator CRANSTON on March 9, 1989, and [REDACTED] stated that he cannot recall that conversation and specifically cannot recall whether or not there was any such conversation. He knows that when he started doing the due diligence, he was having trouble getting information and at about that time the executive director of that organization died. He does not recall expressing any frustration to CRANSTON nor asking for any report from CRANSTON or SVRP. This information may or may not be accurate, but he at any rate does not recall it. Senator CRANSTON mentioned no other organizations other than this one during any conversations with him and [REDACTED] never made any contributions to any organization he knows of connected in any way with Senator CRANSTON. [REDACTED] who has a large family in the Fort Worth area, commented that he did not know if anyone else in the [REDACTED] network of families made any contributions, but he is not aware of all contributions made.

[REDACTED] described SVRP as a "501" (C) 3 organization, which is a charitable organization.

[REDACTED] was questioned regarding a letter dated February 5, 1988 from Senator CRANSTON to the FHLBB, and he stated he has never heard of this letter written by CRANSTON. [REDACTED] had talked with the FHLBB over a few years regarding a number of financial institutions and in April 1988 the FHLBB agreed to negotiate exclusively with [REDACTED] regarding the purchase of AS. He believes he first talked to CRANSTON's office in April of 1988 and it is likely the letter was written before he ever talked to Senator CRANSTON regarding the deal. The closing of the AS purchase was on December 28, 1988 and on January 28, 1989 he threw a big party at five locations in California, linked by satellite video, in order to celebrate with all the employees of AS, whose jobs had been saved. He invited both Senators and both Congressman to the parties. He engaged in no private signing with [REDACTED] although [REDACTED] showed up for the FHLBB on January 28, 1991. [REDACTED] was not personally there for the closing, the signing on December 28, 1988, although he advised that by that time he had signed a large stack of papers. He stated that Senator CRANSTON was not there, for the signing, and he does not believe Senator CRANSTON came to the January 28, 1989 party. [REDACTED] did come to that party. The FINANCIAL CORPORATION OF

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58C-PX-41605

Continuation of FD-302 of _____, On 9/11/91, Page 5

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AMERICA (FCA) was the former parent company of AS, but _____ dealt directly with the Federal government who took AS from FCA in 1984.

_____ has never heard of an organization called the "Missing Half" and does not recall CRANSTON ever mentioning the Democratic Senatorial Campaign Committee although he has heard of this organization separately. He has never heard of _____ nor has he heard of the Committee for Democratic Consensus. He has had no connection with Senator CRANSTON regarding any other organization and he is totally unfamiliar with any Super Bowl fund raising events. He has had no discussions with Senator CRANSTON or anyone regarding "soft money" and has never heard of _____ has heard of _____ and in fact believes he met her on one occasion. She did not discuss any contributions or offer any help from the government in regards to any situation.

_____ does not know CHARLES KEATING and has never had any conversations with him. _____ was asked regarding any discussions he may have had with Senators DENNIS DECONCINI, JOHN GLENN, JOHN MCCAIN or DONALD RIEGLE. _____ stated he has had no direct contact with them and has had no direct or indirect solicitations of money by any of them. He stated that no one from the Federal government, elected or appointed, has asked anything of him in connection with the purchase of AS. He explained that the banking committee has no role other than oversight, in regards to his purchase, and no committee vote is required. He dealt directly with the FHLBB and knows of no direct role Senator CRANSTON had in the purchase, except as a member of the banking committee. He has never heard of Senator CRANSTON talking to anyone on his behalf, although he may or may not have. He also commented that anything CRANSTON did may have been in pursuit of his duties on the banking committee.

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FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 9/12/91

1 TO : SAC, LOS ANGELES (58C-PX-41605) (SARA)

2 FROM : SAC, DALLAS (58C-PX-41605) (FWRA) (P)

3 SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS

4 ALAN CRANSTON,

5 DENNIS DECONCINI,

6 JOHN GLENN,

7 JOHN MCCAIN,

8 DONALD RIEGLE;

9 CHARLES H. KEATING, JR,

10 DBA LINCOLN SAVINGS AND LOAN ASSOCIATION,

11 IRVINE, CALIFORNIA,

12 AND AMERICAN CONTINENTAL CORPORATION,

13 PHOENIX, ARIZONA;

14 CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE;

15 OO: PHOENIX

Re Los Angeles teletype to Dallas, ET AL, 8/15/91.

Enclosed for Los Angeles are an original and one copy of an FD-302 with interview notes reflecting interview with [redacted] on 9/11/91 at Fort Worth, Texas. Enclosed for Phoenix are two copies the same FD-302.

[redacted] who was present during the interview reflected in the enclosed FD-302, advised he would research company records to confirm that there was no contribution to U.S.A votes, as well as any other records which might be pertinent to that inquiry.

- ② - Los Angeles (Enc.3)
 - 2 - Phoenix (Enc.2)
 - 2 - Dallas
- CBB/smf
(6)

58C-PX-41605-225

WCC 1
SEP 21 1991

SARA Approved: _____

Transmitted _____

(Number) (Time)

Per _____

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58C-PX-41605

LEADS:

DALLAS DIVISION:

AT FORT WORTH, TEXAS:

Will maintain contact with Attorney [redacted]
telephone [redacted] in order to obtain and review any records
produced reflecting contributions of [redacted] and/or his
companies.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/9/91

W/M
ERNEST (no middle name) GALLO, date of birth March 18, 1909, Chairman, E&J GALLO WINERY, was interviewed at his place of business, 600 Yosemite Boulevard, Modesto, California. Present during the entire interview was E&J GALLO WINERY General Counsel [redacted]. After having been advised of the interviewing agents' identities and the nature of the interview, GALLO provided the following information:

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GALLO stated that he knows Senator ALAN CRANSTON "very well", and that they have been friends for at least ten years. From time to time, GALLO has contributed to CRANSTON's campaign. GALLO said he met KIM CRANSTON only once, at a fundraising event in San Francisco.

GALLO was asked about the circumstances of the E&J GALLO WINERY contributions to the Forum Institute and the Center for Participation in Democracy of \$100,000 per year in 1987, 1988, and 1989. GALLO responded that the best he could recall was that CRANSTON initially telephoned GALLO and described reasons why it was necessary to get people out to vote and that there were organizations that were making an effort to get people to vote. GALLO was then shown a copy of a letter to GALLO from CRANSTON dated May 28, 1987, which makes reference to seeing GALLO at [redacted]. After reviewing the copy of the letter, GALLO said he recalled attending a CRANSTON fundraising event at the [redacted] but that he did not remember receiving this letter. GALLO added that he did not remember CRANSTON asking for a \$250,000 contribution to the Forum Institute, as stated in the letter.

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GALLO said he could not recall contributing anything in 1986 to groups affiliated with CRANSTON or to the California Democratic Party, although GALLO said he may have done so. GALLO explained that all E&J GALLO WINERY political and charitable contributions are cleared by the E&J GALLO WINERY Legal Department and that the Legal Department has maintained records of these contributions. GALLO added that he contributes both to Democrats and Republicans.

GALLO said that the only person he dealt with regarding the voter registration groups was Senator ALAN CRANSTON, and GALLO could not recall any details about the solicitations by CRANSTON for contributions. GALLO said he did recall that CRANSTON's sales pitch

Investigation on 8/30/91 at Modesto, California File # 58C-PX-41605-226
by SA [redacted] SA [redacted] and SA [redacted] /JAJ/caw Date dictated 9/5/91 OCT 1991

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58C-PX-41605

Continuation of FD-302 of _____, On 8/30/91, Page 2

was simply voter registration, and no mention was made how these groups could benefit Democrats or CRANSTON.

GALLO was asked whether during 1986 through 1989, E&J GALLO WINERY had any legislative or regulatory matters pending with the Federal Government. GALLO responded that the wine industry is heavily regulated and that he is constantly on alert for possible tax increases. GALLO said he did not recall ever asking CRANSTON for any assistance in particular during 1986 through 1989, and GALLO could not recall any issue E&J GALLO WINERY had involving CRANSTON's office during 1986 through 1989. GALLO said that during 1986 through 1989, CRANSTON did not do anything to assist GALLO or E&J GALLO WINERY. GALLO added that he is certain that he discussed some issues with CRANSTON. GALLO said he could not recall CRANSTON ever arranging any meetings for E&J GALLO WINERY with regulators or Executive Branch personnel.

GALLO was asked about the \$2 million per grandchild exemption for generation-skipping transfers enacted in late 1986, referred to by some commentators as the "Gallo Exemption." GALLO said CRANSTON had "very little" to do with this legislation and GALLO could not recall discussing the matter with CRANSTON. GALLO said other legislators took charge of the issue, and that [redacted] law firm in Washington, D.C. was hired to handle the issue. GALLO stated that to his knowledge, [redacted] firm had no contact with CRANSTON on this issue.

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GALLO stated that he never felt that he had to contribute to CRANSTON or to the voter registration groups to obtain access to CRANSTON or to CRANSTON's staff. GALLO said CRANSTON never implied that there was a connection between contributions and services performed by CRANSTON or his staff. GALLO explained that his motivation for contributing \$300,000 to the voter registration groups affiliated with CRANSTON was that voter registration was a cause that GALLO thought was worthy and the contributions were requested by someone he considered to be a friend.

GALLO stated that E&J GALLO WINERIES has a government relations employee named [redacted] who primarily handles government relations in Sacramento. GALLO said he was unfamiliar with [redacted]

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In his dealings with CRANSTON, GALLO stated he never had an occasion to question CRANSTON's ethics. GALLO added that there were no other politicians with whom he felt "uncomfortable" regarding

58C-PX-41605

Continuation of FD-302 of _____, On 8/30/91, Page 3

solicitations for campaign contributions. GALLO added that he felt that there was a "good bunch" of politicians in Washington, D.C.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 9/16/91

TO : SAC, Sacramento

FROM : SAC, Los Angeles (58C-PX-41605) (SARA) (P)

SUBJECT : ALLEGATIONS CONCERNING
 U.S. SENATORS ALAN CRANSTON, ET AL;
 CORRUPTION OF FEDERAL PUBLIC OFFICIALS -
 LEGISLATIVE;
 OO: Phoenix/Los Angeles

Re Los Angeles teletype to Sacramento, dated 8/29/91.

Enclosed for Sacramento are the original and one copy of a proposed FD-302 reflecting interview of ERNEST GALLO on 8/30/91.

LEAD

SACRAMENTO DIVISION

AT MODESTO, CALIFORNIA:

SA [redacted] is requested to review enclosed FD-302, and if satisfactory, initial the original FD-302 and return it to the Los Angeles Division.

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2 - Sacramento (Enc. 2)

1 - Los Angeles

JAJ/caw

(3) [initials]

SEARCHED _____

INDEXED _____

SERIALIZED _____

FILED _____

58C-PX-41605-227

Approved: _____

Transmitted _____ (Number) (Time)

Per _____

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/20/91

[redacted]
 of JENNESSEN ASSOCIATES, 237 Park Avenue, New York, New York
 (NY), was interviewed by Special Agents (SAs) [redacted]
 and [redacted] of the Federal Bureau of Investigation (FBI),
 at his place of business. After being advised of the identity of
 the interviewing Agents and the purpose of the interview, he
 provided the following information:

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[redacted] JENNESSEN
 ASSOCIATES since 1976. JENNESSEN ASSOCIATES is a pension
 management firm responsible for \$10 billion in equities for
 approximately sixty clients and \$8 billion in fixed income
 investments for approximately twenty-five clients.

[redacted] informed that none of his political contributions
 are related to JENNESSEN ASSOCIATES nor any business interests of
 his.

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[redacted] involvement in politics stems from his long
 standing friendship with Michigan Senator DONALD RIEGEL, [redacted]
 [redacted]

[redacted] has maintained a close relationship with RIEGEL
 and his political interests and involvement have followed
 RIEGEL's political undertakings. For instance, [redacted] was a
 registered Republican for years, but because RIEGEL became a
 Democrat, [redacted] became a supporter of Democratic causes and
 candidates.

[redacted] has made many trips to Washington with RIEGEL,
 who has introduced him to numerous Democratic Senators, to whom
 [redacted] has often ended making campaign contributions.

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[redacted] cannot recall exactly when he first met Senator
 CRANSTON, but believes it was on such a trip to Washington, with
 RIEGEL several years ago.

Some time in 1987, CRANSTON called [redacted] and arranged a
 meeting at [redacted] New York office. Present at the meeting were

Investigation on 9/14/91 at New York, New York File # 58C-PX-41605-228

by SA [redacted] [redacted] jkl Date dictated 9/14/91

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58C-PX-41605

Continuation of FD-302 of [REDACTED], On 9/14/91, Page 2

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[REDACTED] CRANSTON, and a woman aide to CRANSTON, whose name [REDACTED] cannot recall. CRANSTON explained to [REDACTED] that he was soliciting funds for a major voter registration effort. CRANSTON presented a choice of three non-partisan voter registration funds to which [REDACTED] could contribute, as well as a partisan, non-deductible fund, America votes.

[REDACTED] decided to contribute \$25,000 to the Forum Institute, which was one of the non-partisan funds, which he thought affected Virginia, as well as \$10,000 to America votes. He made identical contributions in 1988 and 1989.

[REDACTED] contributed, even though many people thought that voter registration efforts were a waste of time, because he thought it was important for the country. [REDACTED] noted that a \$25,000 contribution was not unusual for him, adding that he has made charitable contributions as large as \$250,000.

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[REDACTED] and his wife each donated \$2,000 to CRANSTON's 1992 re-election campaign, as they had in the past. CRANSTON later called [REDACTED] and asked permission to convert the donation to his legal defense. [REDACTED] agreed.

[REDACTED] stated that neither he personally nor JENNESSEN ASSOCIATES had any regulatory, legislative, or business matters on which CRANSTON could or did act, nor on any that he asked him to act.

FEDERAL BUREAU OF INVESTIGATION

- 1 -

Date of transcription 9/19/91

On September 17, 1991, [redacted]
[redacted] GOLDMAN SACHS AND COMPANY (GSC), 85 Broad
Street, New York (NY), NY, was interviewed at his place of
employment. Also present for the interview was [redacted]
[redacted] Attorney, WACHTELL, LIPTON, ROSEN & KATZ, 299 Park
Avenue, NY, NY 10171-0149. [redacted] was advised of the identity of
the interviewing Agents and the nature of the interview. [redacted]
voluntarily provided the following information:

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[redacted] gave his positions with GSC from 1985 to the
present. In 1985, [redacted]
[redacted] of the firm.
While on this committee, [redacted] was responsible for the fixed
income and commodities trading for GSC. In 1986 or 1987 [redacted]
[redacted] On
[redacted]

[redacted] also provided a background on his involvement with
the Democratic party. In 1972, HENRY FOWLER, former GSC Partner
and Secretary of the Treasury, introduced [redacted] to [redacted] a
Democratic party fund-raiser. The introduction came after [redacted]
expressed to [redacted] a desire to get active in politics. [redacted]
took a week off from work to assist [redacted] and thus began his
fund-raising activities.

[redacted] became very active in Democratic fund raising and
noted several fund raising accomplishments including 1983 Chairman
of the Democratic Congressional Campaign Dinner, 1984 New York
Finance Chairman for WALTER MONDALE, and although he was not sure
if he had a title, [redacted] was quite active in the 1988 DUKAKIS
fund-raising.

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[redacted] pointed out that being a Democrat in his industry
is unusual. [redacted] political roots come from his grandfather who
was active in the Democratic Party in Brooklyn. [redacted] enjoys the
challenge of participating in presidential campaigning and is
concerned about the mounting national debt.

[redacted] is not sure of the exact date he met Senator ALAN
CRANSTON but [redacted] got to know CRANSTON well while performing his

Investigation on 9/17/91 at New York, New York File # 58C-PX-41605-229

by SAS [redacted] Date dictated 9/18/91
[redacted] JLF/lan

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58C-PX-41605

Continuation of FD-302 of _____, On 9/17/91, Page 2

b6
b7C

duties as the Dinner Chairman in 1982. CRANSTON was the most active senator in assisting _____ fund-raising for the Dinner.

_____ stated that since 1982, he gets a call at least once a year from CRANSTON for a contribution to his or a colleague's campaign.

In February, 1988, _____ traveled to Washington, DC, to lobby approximately eight senators on a Banking Bill. _____ may have lobbied with _____ of GSC's Washington office and _____. The proposed Banking Bill would have adversely impacted GSC by negating the law created by the Glassteagal (phonetic) Legislation of the 1930's. Glassteagal, according to _____ keeps commercial banks and investment banks in separate lines of business GSC does not want GLASSTEAGAL repealed or superceded because commercial banks would enter into GSC's line of work.

_____ had CRANSTON on his list of senators to lobby but did not get to see CRANSTON on that day in Washington, DC, in February, 1988. _____ may have spoke to an aide of CRANSTON's on the matter, but could not recall exactly whether he did or did not speak to an aide.

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_____ stated that he does not keep a diary and his secretary could not locate his 1988 calendar. _____ secretary did find the 1989 and 1990 calendars.

_____ recalled making a \$100,000.00 contribution to the Forum Institute in late April, 1988. At some point prior to the contribution and after the lobbying trip to Washington, DC, _____ could not specifically recall the date, CRANSTON came to see _____ to request the contribution. _____ does not remember who set up the meeting. _____ was at the meeting. _____ knows _____ but does not recall if she was at the meeting. Although the meeting may have been in February, 1988, _____ does not recall talking to CRANSTON about Glassteagal and doubts very much that he did talk to CRANSTON about the Banking Bill.

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_____ recollected discussions about CRANSTON's "get out the vote" campaign and the tax deductible nature of the contribution. _____ intended to raise part of the money and contribute the rest. _____ did not move on the pledge

58C-PX-41605

Continuation of FD-302 of _____, On 9/17/91, Page 3b6
b7c

immediately. Eventually, [] made the contribution with his own money. [] stated that the meeting may have been in February, 1988. It would not have been out of the ordinary for CRANSTON's aides to contact RUBIN regarding the pledge inasmuch as they were good fund-raisers.

[] did not feel pressured or compelled to make the donation. [] did not give the contribution in exchange for a benefit to him or GSC. [] believes that CRANSTON favored the Banking Bill which was going against GSC's lobbying efforts. [] did think that the contribution would highlight his status within the Democratic party and strengthen his chances to be more involved in the DUKAKIS Campaign.

CRANSTON and [] have had some contact since the \$100,000.00 contribution. In 1990, CRANSTON was in NY and met [] for a drink. CRANSTON was going to cut fund-raising until the KEATING matter was worked out.

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About 2-3 weeks ago, CRANSTON and [] traded phone calls. The Federal Bureau of Investigation (FBI) called and requested to meet [] then called CRANSTON. CRANSTON was not surprised that [] was to be interviewed. CRANSTON wanted a contribution for the Western Pennsylvania Democratic Senatorial Candidate.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 10/10/91

TO : SAC, LOS ANGELES (58C-PX-41605) ✓

FROM : ADIC, NEW YORK (RUC) *msc/p*

SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS
 ALAN CRANSTON, - ET AL;
 CFPO;
 (OO:PX/LA)

ReLAteletype to CI, dated 8/15/91.

Enclosed for LA are an original and one copy each of FD-302's detailing interviews of [redacted] and [redacted] and interview notes. Enclosed for PX are two copies each of the FD-302's.

This matter is RUC.

- ② - Los Angeles (Encls.) *9/24/91*
- 2 - Phoenix (Encls.)
- 1 - New York

JLT:fmg
(5)

SARA

58C - PX - 41605 - 230

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 11 1991	

WUB-4

[redacted]

Red
10/23/91

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

w/enclosed 302s

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b6
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ORIGINAL

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/4/91

[redacted] AMERICAN FINANCIAL CORPORATION (AFC), One East Fourth Street, Cincinnati, Ohio 45202, was advised of the official identities of Special Agents (SAs) [redacted] of the Cincinnati Office of the Federal Bureau of Investigation. [redacted] a white male who appears to be in his mid 70s and his Attorney, [redacted] [redacted] AFC were advised of the purpose of the interview, and provided the following information:

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He has known United States Senator ALAN CRANSTON on a casual basis for many years based upon passing contacts at various public and semi public functions. He advised that they are not personal friends.

Neither he nor to his knowledge his staff have ever had occasion to contact CRANSTON or his staff with regard to legislative and/or regulatory matters related to AFC of Cincinnati.

To his knowledge, neither CRANSTON nor his staff have ever attempted to pressure or otherwise coerce he and/or AFC to make political contributions.

[redacted] acknowledged that AFC made a \$25,000.00 contribution by check to the FORUM INSTITUTE on or about May 26, 1988. This was considered by [redacted] to be a soft money political contribution inasmuch as it was his understanding that the money would be utilized for "get out the vote" voter registration objectives. It was his understanding that FORUM INSTITUTE was associated with US Senator ALAN CRANSTON in some unrecalled and unspecified way. He obtained his information about and the solicitation to contribute to the FORUM INSTITUTE from an unrecalled female associate of Senator CRANSTON.

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He does not recall any contacts with or knowledge of [redacted]

Investigation on 8/26/91 at Cincinnati, Ohio File # Cincinnati
 by SA [redacted] and SA [redacted] Date dictated 8/29/91
 SA [redacted] krm

58C-PX-41605-231

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CI 58C-PX-41605

Continuation of FD-302 of

[redacted]

, On 8/26/91, Page

2

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[redacted] commented that he and/or AFC receive approximately 10 to 15 solicitations per day for contributions and/or donations.

Initially, [redacted] referred to the existence of a file at AFC which concerned political contributions made by AFC and/or [redacted] immediately made a statement to [redacted] that attempts to locate such a file had been unsuccessful. [redacted] then stated that he was mistaken and such a file did not exist. He further stated that the only record maintained of political contributions would be the canceled checks.

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[redacted] authorized and [redacted] agreed to provide a copy of the canceled check utilized to make the \$25,000.00 contribution to the FORUM INSTITUTE on or about May 26, 1988.

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[redacted] adamantly denied that his contribution to the FORUM INSTITUTE was connected in any way to CHARLES H. KEATING, JR.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 10/15/91

TO : SAC, LOS ANGELES

FROM : SAC, CINCINNATI (58C-PX-41605) (SARA) (P)

SUBJECT : ALLEGATIONS CONCERNING UNITED STATES SENATORS
 ALAN CRANSTON;
 ET AL;
 CORRUPTION OF FEDERAL PUBLIC OFFICIALS -
 LEGISLATIVE
 (OO: PHOENIX)

ReLAtel to Cincinnati, dated 8/15/91, and Citel to Los Angeles, dated 8/29/91.

Enclosed for Los Angeles is an original and one copy and Phoenix, two copies of an FD-302 of [redacted] dated 8/26/91, concerning captioned subjects ALAN CRANSTON and CHARLES H. KEATING, JR.

Upon receipt of a copy of the canceled check from AMERICAN FINANCIAL CORPORATION to the FORUM INSTITUTE for \$25,000.00 dated on or about 5/26/88, as proffered in the enclosed FD-302, Cincinnati will forward same to Los Angeles with copies to Phoenix.

- 2 - Los Angeles (SARA) (Encl. 2)
- 2 - Phoenix (Encl. 2)
- 2 - Cincinnati

EAV:krm
(6)

SARA

1*

58C-PX-41605-232

Approved: [Signature]

Transmitted

11-6-91

(Number) (Time)

Per

[Redacted Signature Box]

CIA

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S&C-A-41605-23.3

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 1991	
FBI - MEMPHIS	

MA

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/17/91

[redacted]
 California, DOB [redacted] was located and interviewed at his offices, 55 Main Street, Tiburon, California. At the time of the interview, [redacted] was advised of the identity of the interviewing agent by being shown his credentials and was told the agent desired to discuss with him two contributions he made to the Center For Participation in Democracy (CPD) totalling \$40,000.

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[redacted] advised that both contributions made to the Center For Participation in Democracy were made voluntarily and after a discussion with his wife. He stated he has known Senator CRANSTON for a number of years and was aware of this Center in that it increased the franchising process and used monies donated to it to increase the number of registered voters in California without regard to how they registered. He stated he and his wife believe that just by expanding the number of voters in California they are assisting the democratic process.

He said CRANSTON had asked them to support the franchising process and they were happy to do so. He stated he has never asked for, nor received assistance from Senator CRANSTON or any other senator. He feels his contributions were part of participating in the democratic process which exists in the United States.

According to [redacted] his business is such that there would be no need for a senator or any Federal representative to assist or offer him favors. He advised he is in the reinsurance business and his business is not regulated by Federal law.

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[redacted] said he feels the Federal campaign funding laws are "screwed up" and the rule which allows individuals to place as much money as they wish into their own election, leads to a government led only by the wealthy. Because of this he feels we must increase registration and the number of voters who turn out at each election. [redacted] stated Senator CRANSTON personally asked him to donate after they met at a gathering of democratic senators at a Democratic Senatorial Campaign Committee function. He said this gathering of "The Majority Trust" which is a

Investigation on 9/27/91 at TIBURON, CALIFORNIA File # 58C-PX-41605

by SA [redacted] mdh Date dictated 10/16/91

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58C-PX-41605

Continuation of FD-302 of , On 9/27/91, Page 2

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subsection of the Democratic Senatorial Campaign Committee, was attended by himself and his wife. He said it was at this gathering where the Senator asked for the donation.

concluded the interview by saying, he has never felt under any pressure or intimidation to make contributions to Senator CRANSTON and in fact he and his wife contribute to many candidates, both Republican and Democratic.

The interview which began at approximately 5:30 p.m. ended at 6:18 p.m.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/30/91

MELVIN SWIG, age 74, 220 Montgomery Street, San Francisco, California, work telephone (415) 291-1107, was contacted at his place of employment. After being advised of the identity of the interviewing Agent and the nature of the interview, SWIG furnished the following information:

SWIG has known Senator ALAN CRANSTON socially since the 1960's. SWIG first became involved with CRANSTON's fund raising activities when he (CRANSTON) ran for the office of Controller for the State of California. SWIG confirmed that he has since contributed approximately \$100,000 to various bi-partisan groups, including The Forum Institute and the "Get out the Vote" program, which were supported by CRANSTON. SWIG donated money to these programs because he believed it was important to increase general participation in the election process and to increase voter awareness.

SWIG adamantly affirmed that he never asked for any political or personal favors of CRANSTON or his office, and that CRANSTON never offered anything in return for his contributions. SWIG believes that CRANSTON is a competent and honest politician, and he reiterated that there was never any "quid pro quo" or nexus between SWIG's contributions and CRANSTON's subsequent actions.

SWIG knows Senator and Mrs. DENNIS DECONCINI quite well socially. The DECONCINI's are independently wealthy and SWIG, therefore, has difficulty imagining why DECONCINI would do anything illegal or unethical to raise campaign funds.

Investigation on 8/30/91 at San Francisco, California File # 58C-1161-234
 SEARCHED INDEXED
 SERIALIZED FILED
 58C-PX-41603
 by SA SC Date dictated 8/30/91 1991

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b7c

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 10/17/91

1 TO : SAC, PHOENIX (58C-PX-41605)
 2 SAC, LOS ANGELES (58C-PX-41605)

3 FROM : SAC, SAN FRANCISCO (58C-PX-41605) (RUC) (SRAF)

4 SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS
 5 ALAN CRANSTON,
 6 DENNIS DECONCINI,
 7 JOHN GLENN,
 8 JOHN MCCAIN,
 9 DONALD RIEGLE;
 10 CHARLES H. KEATING, JR.,
 11 dba LINCOLN SAVINGS AND LOAN ASSOCIATION,
 12 Irvine, California;
 13 AMERICAN CONTINENTAL CORPORATION,
 14 Phoenix, Arizona;
 15 CORRUPTION OF FEDERAL PUBLIC OFFICIALS -
 16 LEGISLATIVE;
 17 OO: PHOENIX/LOS ANGELES

Re Los Angeles teletype to San Francisco and others dated August 15, 1991.

Enclosed herewith find copies of two FD-302s reflecting one interview at San Francisco with [redacted] and one interview in Tiburon, California with [redacted]. The original notes of the [redacted] interview are enclosed for Phoenix.

In view of the fact that no further investigation remains in the San Francisco Division, this case is being considered RUC'd.

- 2 - Phoenix (58C-PX-41605) (Encls 3)
 - ② - Los Angeles (58C-PX-41605) (Encls 2)
 - 1 - SF (58C-PX-41605)
- RKG/mdh
(5)

SARA

58C-PX-41605 235

WCC-4

Approved: _____

Transmitted _____

(Number) (Time)

[Redacted box]

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58C-A-41605-236

SEARCHED	INDEXED
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	ELES

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- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/8/91

[redacted] also known as [redacted]
 [redacted] date of birth [redacted] was interviewed at his
 place of business, The Kaempfer Company, 1150 18th Street, N.W.,
 Suite 1000, Washington, D.C., telephone [redacted] in the
 presence of his attorney, [redacted]. After being advised of
 the interviewing Special Agents' official identities and the
 nature of the interview, [redacted] furnished the following
 information:

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[redacted]
 [redacted] a non-profit California organization named
 the Committee for a Democratic Consensus (CDC), which he stated
 registers all voters, regardless of party.

When asked about a fund raiser held at his
 residence to benefit Senator ALAN CRANSTON, [redacted] stated that
 he hosted a fund raiser in the summer or early fall of 1986, at
 his residence, 1406 34th Street, N.W., Washington, D.C. [redacted]
 himself paid for the "food, booze, or a combination of the two."
 [redacted] does not recall whether he also contributed money at
 that time, but he has done so on other occasions. [redacted] did
 raise money, probably \$15,000, and the total raised was "probably
 ten times that."

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[redacted] previously rented office space to CDC at
 1250 24th Street, N.W., Washington, D.C., then the location of
 his company's headquarters. He said he guessed the rental was
 \$400 per month. His offices used to be at 2300 M Street, N.W.,
 then at 1250 24th street, N.W.

[redacted] has also made empty office space available to
 other organizations, either at reduced rent or rent-free. These
 included MAURICE TURNER's campaign as a Republican to become
 mayor of Washington, D.C. (at half rent), the Williamsburg
 Charter group's 200th anniversary of the Constitution (rent-
 free), and a program of about seventeen churches, the Cooperative
 Urban Ministry. He has done this for "maybe twenty organizations
 over the years." [redacted] stated that he was not sure, without

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Investigation on 9/4/91 at Washington, D.C. File # 58C-PX-41605

by SA [redacted] and
 SA [redacted] Date dictated 9/13/91

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b7C

58C-PX-41605

Continuation of FD-302 of [REDACTED]

, On 9/4/91, Page 2

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checking his records, to what extent CDC's rent was paid or "forgiven."

When asked how the CRANSTON fund raiser came about, [REDACTED] stated that he did not remember specifically. He "did a lot of Democratic stuff," and knew [REDACTED] who probably asked him to do it. [REDACTED] had had a joint venture with two guys from California to build three buildings there. He had helped California candidates for Lieutenant Governor and State Treasurer. [REDACTED] a California lawyer, was one of [REDACTED] biggest tenants and investors. [REDACTED] was also involved with the fund-raising party. [REDACTED] probably held fifteen such fund raisers over the last eight years, including two for Democratic Presidential candidate MICHAEL DUKAKIS.

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After consulting with a company employee, [REDACTED] stated that, from about 1986 to 1989, CDC's rent was \$500 per month for eight months, and free for one year. [REDACTED] (phonetic) actually occupied the space, and she "became like a member of the company family."

Some Democratic contacts may have asked [REDACTED] about holding the fund-raising party, or [REDACTED] may have volunteered it. He probably said something to [REDACTED] like, "If there's anything I can do to help, I'd be delighted." The logistics were probably arranged by one of [REDACTED] secretaries. [REDACTED] stated that his housekeeper would have been there, and he would have hired a bartender. He usually used Ridgewell's (caterers) for things like the hors d'oeuvres.

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[REDACTED] was asked whether he ever requested any assistance from Senator CRANSTON. [REDACTED] stated that in late fall of that year (following the fund raiser), Senator CRANSTON, Senator MOYNIHAN and a Republican Senator were outraged that Arlington buildings known as the "silver slippers" could be seen from Washington. They wanted to enact a law prohibiting buildings taller than a certain height within twenty miles of Washington, so could they could not be seen from the Mall. At the time, there were proposals to construct a complex called Port America and a World Trade Center in the D.C. area. Also, [REDACTED] was building a 200 foot building in Arlington, which he had recently gotten approved, and his title attorney mentioned the height restriction issue to him. Someone from [REDACTED] office went to see MOYNIHAN, whom [REDACTED] did not know, and

58C-PX-41605

Continuation of FD-302 of [REDACTED]

, On 9/4/91

, Page 3

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[REDACTED] went to see someone in CRANSTON's office. They sought to get the law written to "ameliorate" the situation about their building in Arlington. [REDACTED] stated that his company's building would not be visible from the Mall, and they offered to do a study and show this. They would offer language changes so that the legislation would not unnecessarily hurt them. The response was that the matter was open to discussion. [REDACTED] had the engineering done and the the bill was rewritten. However, it all became moot because, after input from the FAA (Federal Aviation Administration), National Airport, Andrews Air Force Base and the Airline Pilots Association, the building height limit was lowered without the legislation. [REDACTED] lowered his building and the "issue went away."

When asked whether he ever felt any pressure to contribute or raise money to get action, [REDACTED] replied, "Absolutely not."

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[REDACTED] regarded [REDACTED] and her now-husband as "pretty good friends." There was no discussion of past or future contributions when [REDACTED] requested action regarding the building height legislation. [REDACTED] stated, "No one in any walk of life has ever held his hand out regarding any government action." [REDACTED] stated that he felt no pressure to contribute to CDC, CRANSTON or anyone else, other than friendship and normal politics, adding "I was delighted to do it."

When asked whether Senator CRANSTON ever personally solicited contributions, [REDACTED] stated that it "wouldn't be unusual," and that he has gotten thank you notes "from ALAN" for things he had done, like the party. [REDACTED] stated that he was not aware of any improprieties by CRANSTON or anyone on his behalf. [REDACTED] offered as an example a California trip when CRANSTON stayed in a hotel room that cost about \$80 per night, while [REDACTED] room cost about \$300.

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b7C

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 10/30/91

1 TO *SRB* : SAC, LOS ANGELES (58C-PX-41605) (SARA)
 2 FROM : SAC, DALLAS (58C-PX-41605) (FWRA) (RUC)
 3 SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS
 4 ALAN CRANSTON,
 5 DENNIS DECONCINI,
 6 JOHN GLEN,
 7 JOHN MCCAIN,
 8 DONALD RIEGLE;
 9 CHARLES H. KEATING, JR,
 10 dba LINCOLN SAVINGS AND LOAN ASSOCIATION,
 11 IRVING, CALIFORNIA,
 12 AND AMERICAN CONTINENTAL CORPORATION,
 13 PHOENIX, ARIZONA;
 14 CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATIVE;
 15 OO: PHOENIX

Re Dallas airtel to Los Angeles, 9/12/91.

12 On 10/23/91, [redacted] attorney for [redacted]
 13 [redacted] advised he has reviewed [redacted] records and uncovered no
 14 checks to USA VOTES or any other group inquired about, besides
 15 SOUTHWEST VOTERS REGISTRATION (SVR). None were sent "via
 16 [redacted]. SVR got several checks over about a two and a half
 17 year period, in the range of \$25,000 to \$100,000, totaling
 18 about \$250,000.

- 17 ② - Los Angeles
- 18 2 - Phoenix
- 19 2 - Dallas
- 20 CBB/smf
- 21 (6)

SARA

1*

58C-PX-41605-237

WCC-7

UA [redacted] *[Signature]*

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Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 11/14/91

FM FBI LOS ANGELES (58⁸C-PX-41605) (SARA-3) (P)

TO DIRECTOR FBI/ROUTINE/

FBI WMFO/ROUTINE/

INFO FBI PHOENIX/ROUTINE/

BT

UNCLAS

CITE: //3410:0670//

PASS: FBIHQ FOR SSA PUBLIC CORRUPTION UNIT.

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b7c

SUBJECT: ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON,
 ET AL; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE;
 OO: PHOENIX/LOS ANGELES (58C-PX-41605); LEE H. HENKEL, JR.,
 FORMER MEMBER, FEDERAL HOME LOAN BANK BOARD; CHARLES H.
 KEATING, JR., DBA LINCOLN SAVINGS AND LOAN, IRVINE,
 CALIFORNIA; CORRUPTION OF FEDERAL OFFICIALS - EXECUTIVE
 BRANCH; OO: LOS ANGELES (58A-LA-111204).

58C-R-11-05-238

SEARCHED _____
 INDEXED _____
 SERIALIZED BT
 FILED 1

JAJ/clm

Approved: *[Signature]* Original filename: CS 9:18

Time Received: _____ Telprep filename: _____

MRI/JULIAN DATE: _____ ISN: _____

FOX DATE & TIME OF ACCEPTANCE: _____

^PAGE 2 56C-PX-41605, UNCLAS

RE TELCALLS FROM SA [REDACTED] TO FBIHQ SUPERVISOR [REDACTED] AND WMFO RELIEF SUPERVISOR [REDACTED] ON 11/12/91.

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AS DISCUSSED IN REFERENCED TELCALLS, LOS ANGELES SA'S [REDACTED] AND [REDACTED] INTEND TO TRAVEL TO WMFO 11/19/91 THROUGH 11/23/91, FOR THE PURPOSE OF CONDUCTING INVESTIGATION IN CAPTIONED MATTERS.

ON NOVEMBER 21 AND 22, SA'S [REDACTED] ALONG WITH AUSA [REDACTED] AND DOJ ATTORNEY [REDACTED] ARE SCHEDULED TO REVIEW THE NON-PUBLIC DOCUMENTS OF THE U.S. SENATE ETHICS COMMITTEE. THE ETHICS COMMITTEE HAS PUBLICLY RELEASED 15 VOLUMES OF DOCUMENTATION, BUT APPARENTLY HOLDS DOCUMENTATION THAT HAS NOT BEEN RELEASED TO THE PUBLIC. THIS REVIEW WAS INSTIGATED AND ARRANGED BY AUSA MANSFIELD.

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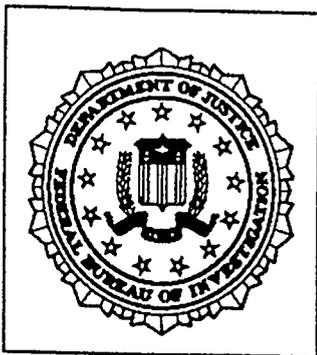
ON 11/20/91, SA'S [REDACTED] ARE SCHEDULED TO INTERVIEW SUBJECT LEE HENKEL, JR. OF ATLANTA, GEORGIA AT THE OFFICES OF HIS ATTORNEY, [REDACTED] SWIDLER AND BERLIN, 3000 K STREET, NORTHWEST, WASHINGTON, D.C. AUSA [REDACTED] INTENDS TO ATTEND THIS INTERVIEW.

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b7C

^PAGE 3 56C-PX-41605, UNCLAS

NO ASSISTANCE OF WMFO IS REQUIRED. SAC WMFO AND SAC LOS ANGELES CONCUR WITH PROPOSED TRAVEL.

BT



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
 PRIORITY
 ROUTINE

CLASSIFICATION

- TOP SECRET
 SECRET
 CONFIDENTIAL
 SENSITIVE
 UNCLASSIFIED

TIME TRANSMITTED 9:48

SENDER'S INITIALS CS

NUMBER OF PAGES 4

TO: FBI WMFO, NVMRA

DATE: 11/14/91

FACSIMILE NUMBER: 202/324-6426

ATTN: _____

FROM: FBI Los Angeles

SUBJECT: Allegations Concerning U.S. Senators Alan Cranston; ET AL;
OO: Phoenix / Los Angeles

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

ORIGINATOR'S NAME: SA

ORIGINATOR'S FACIMILE NUMBER: (714) 542-8825

APPROVED: *Jar*

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b7c



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED

9:25

SENDER'S INITIALS

CS

NUMBER OF PAGES

4

TO: Director FBI

DATE: 11/14/91

FACSIMILE NUMBER: 202/324-6492

ATTN: PUBLIC INTEGRITY UNIT, WCC

FROM: FBI Los Angeles

SUBJECT: Allegations Concerning U.S. Senators Alan Cranston; ET AL;
OO: Phoenix / Los Angeles

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

[Redacted]

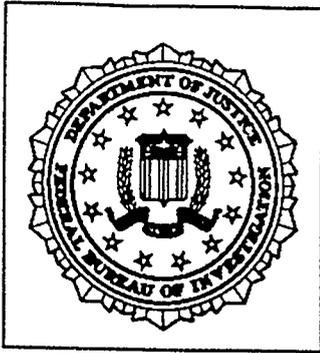
ORIGINATOR'S NAME: SA

[Redacted]

ORIGINATOR'S FACIMILE NUMBER: (714) 542-8825

APPROVED: [Signature]

b6
b7C



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED 9:14

SENDER'S INITIALS CS

NUMBER OF PAGES 4

TO: FBI Phoenix

DATE: 11/14/91

FACSIMILE NUMBER: (602) 279-5511

ATTN: _____

FROM: FBI Los Angeles

SUBJECT: Allegations Concerning U.S. Senators
Alan Cranston, ET AL;
OO: Phoenix / Los Angeles

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

ORIGINATOR'S NAME: SA

SA

ORIGINATOR'S FACIMILE NUMBER: (714) 542-8825

APPROVED: [Signature]

b6
b7c

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 11/15/91

1 TO : SAC, LOS ANGELES (SARA)

2 FROM : SAC, SACRAMENTO (58C-PX-41605)(RUC)

3 SUBJECT : ALLEGATIONS CONCERNING

4 U.S. SENATORS ALAN CRANSTON, ET AL;

5 CORRUPTION OF FEDERAL PUBLIC OFFICIALS-

6 LEGISLATIVE;

7 OO: PHOENIX/LOS ANGELES

Re Los Angeles airtel to Sacramento dated 9/16/91.

Enclosed for Los Angeles are the original and one copy of an FD-302 concernng an interview of ERNST GALLO. No investigation remains in the Sacramento Division.

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2 - LA (Enc. 2)

2 - PX

2 - SC

TAS:llc

(6)

SARA

58C - PX - 41605 - 240

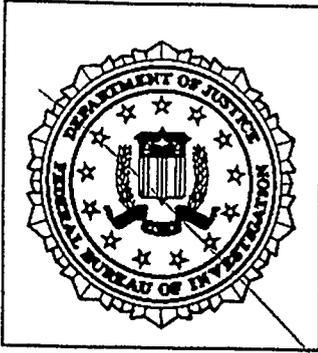
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[Redacted]	

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Approved: [Signature] Transmitted _____ (Number) _____ (Time)

Per [Signature] w/enclosures



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

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- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED 3:40pm
 SENDER'S INITIALS elh
 NUMBER OF PAGES 5

TO: FBI Phoenix DATE: 11/26/91

FACSIMILE NUMBER: _____

ATTN: SA

FROM: FBI Los Angeles

SUBJECT: Allegations Concerning U.S. Senators Alan Cranston, ET AL;
OO: PX/LA

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

ORIGINATOR'S NAME: SA

ORIGINATOR'S FACIMILE NUMBER: (714) 542-8825

APPROVED: *[Signature]*

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b7c

Memorandum



To : SAC, LOS ANGELES (58C-PX-41605) (SARA) (P) Date 12/6/91

From : SA [redacted]

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b7C

Subject: ALLEGATIONS CONCERNING
UNITED STATES SENATOR ALAN CRANSTON, ET AL;
Corruption of Federal Public Officials - Legislative;
OO: PX/LA

In view of Case Agent [redacted] resignation, it is recommended that this matter be reassigned to Special Agent [redacted]. All investigation in this matter has been completed, and the new case agent need only coordinate with Phoenix Case Agent [redacted] to obtain formal declination from the United States Attorney's office, and complete the necessary closing LHM.

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JAJ/jff
(2) [signature]

Handwritten notes and redactions: a/12-31-91, Rec'd, SA, 12/31/91, NDE, to

58C-PX-41605-242
SEARCHED INDEXED
SERIALIZED FILED
DEC 31 1991
FBI - LOS ANGELES

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FBI

TRANSMIT VIA:

Teletype
 Facsimile
 AIRTEL

PRECEDENCE:

Immediate
 Priority
 Routine

CLASSIFICATION:

TOP SECRET
 SECRET
 CONFIDENTIAL
 UNCLAS E F T O
 UNCLAS

Date 12/20/91

TO SAC, LOS ANGELES (58C-PX-41605) (WCC4/SARA) (P)
FROM SAC, WMFO (58C-PX-41605) (C-9/NVMRA) (P)

ALLEGATIONS CONCERNING U.S. SENATORS
ALAN CRANSTON, DENNIS D. DE CONCINI,
JOHN GLENN, JOHN MC CAIN, DONALD REIGLE;
CHARLES H. KEATING, JR., dba
LINCOLN SAVINGS AND LOAN ASSOCIATION
OF CALIFORNIA (LSL) AND AMERICAN
CONTINENTAL CORPORATION (ACC),
PHOENIX, ARIZONA;
CORRUPTION OF FEDERAL PUBLIC
OFFICIALS-LEGISLATIVE;
OO: PX/LA

Re LA 8/14/91 facsimile to WMFO and LA 8/15/91 tel
to Cincinnati.

Enclosed for Los Angeles are the original and two
copies of the FD-302 of [redacted] and a 1A
envelope containing related interview notes.

Enclosed for Phoenix are two copies of the FD-302 of
the [redacted] FD-302 (for information).

A copy of the enclosed FD-302 was furnished to LA
Case Agent, at Washington, D.C., on 11/21/91.

This matter remains pending at WMFO, which will
confer with LA/PX regarding the likelihood of additional
investigation by WMFO.

3-Los Angeles (encls. 4)
2-Phoenix (encls. 2)
1-WMFO
REA:rea
(6)

SARA

58C - PX - 41605 - 244
SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
WCC4
DEC 27

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

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U.S. Department of Justice



Federal Bureau of Investigation

In Reply, Please Refer to
File No.

201 East Indianola, Suite 400
Phoenix, Arizona 85012

September 25, 1991

ALLEGATIONS CONCERNING UNITED STATES SENATORS ALAN CRANSTON;
AND OTHERS; CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN
ASSOCIATION AND AMERICAN CONTIENTAL CORPORATION;
CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE;

On April 15, 1991, a meeting was held at Los Angeles, California, in the Office of the United States Attorney. Assistant United States Attorney (AUSA) [redacted] and Departmental Attorney [redacted] attended. During this meeting evidence was reviewed and it was determined that a successful prosecution cannot be accomplished in this case, unless an insider was developed.

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Following this meeting, efforts have been focused on development of information which could lead to prosecutable cases against [redacted]

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Documents and interviews conducted have been reviewed for any evidence to determine if [redacted] was actively soliciting campaign contributions from Capitol Hill. Additionally Federal Election Commission (FEC) records have been reviewed to determine if any conduit contribution violations could be developed in the Political Action Committee (PAC) of Carl Rheuban, Pacific PAC, and Cranston's PAC, the Committee for Democratic Consensus. A review of these records have revealed no wide spread use of PACs for contributions, although the Pacific PAC and the Committee for Democratic Consensus contributed \$4,000 to each other in a one week period.

[redacted] testified before the Senate Ethics Committee, that the Cranston's statement submitted for publication in the Congressional Record in March, 1987, was her

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FBI - LOS ANGELES	

work product. This statement is believed to be the work product of Washington D.C. lawyer/lobbyist [redacted]. The statement was an effort to counter the Proxmire Amendment to his Federal Savings and Loan Insurance Corporation (FSLIC) Recapitalization Bill that would have clarified FSLIC's authority to regulate direct investment of state chartered institutions. Cranston demanded Proxmire withdraw his amendment, stating on the record that the amendment was unnecessary, because FSLIC already had such authority. [redacted]

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[redacted]

[redacted]

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Attorneys [redacted] and Goldberg requested that Deconcini's fund raiser, [redacted] be interviewed. [redacted] after initially agreeing to submit to an interview, refused.

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AUSA [redacted] and Department of Justice (DOJ) Attorney [redacted] also requested that the FBI obtain information regarding charitable solicitations, made by [redacted] from Charles Keating. [redacted] attorney, [redacted] was contacted and he provided the FBI with this information. It was determined from [redacted] that [redacted] only solicited two contributions from Keating as follows: In 1985, [redacted] solicited \$50,000 from Keating for contributions to the Phoenix Memorial Hospital Intergenerational Child Care Center, later known as "Young Company". [redacted] recollection is that she does not know if Keating contributed the full amount. In 1987 or 1988, [redacted] by telephone solicited Keating for a contribution for the construction of a gymnasium at the Seton Catholic High School in Chandler, Arizona. Keating, however, told [redacted] that funds were not available.

Charities that [redacted] was involved in from 1975 to 1990 were compared with documents of American Continental Corporation (ACC) and Lincoln Savings and Loan Association (LSL) records of charitable contributions. It was determined that Keating and/or his company contributed \$77,500 to Phoenix Memorial Hospital in 1986 and 1987. In 1985 and 1986, \$20,000 was contributed to St. Mary's High School and/or St. Mary's Church.

Senator Don Riegle in March, 1987, received \$95,150 raised by a Keating fund raiser in Detroit, of this amount \$78,250 was contributed to Riegle by Keating, Keating's family or employees.

At least \$25,000 of the \$78,250 contributed by Keating, friends and associates were collected by ACC lobbyist and employee [redacted] in late February or early March of 1987. This \$25,000 was given to Deconcini for delivery to Riegle by [redacted] (who has declined to be interviewed by the FBI). Riegle and his aid, [redacted] met with Keating in early March, prior to the fund raiser in Detroit. Riegle admits he met with [redacted] the Federal Home Lone Bank board, on March 6, 1987, suggesting to [redacted] that he should meet with Arizona Senators regarding Lincoln Savings and Loan Association. Riegle then attended a follow up meeting with the Federal Home Loan Bank representatives of San Francisco with the other Senators on April 9, 1987.

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On February 28, 1988, Keating agreed to sponsor another fund raising event for Riegle to be held in New York, on May 10, or May 11, 1988, with a goal of raising over \$100,000 for Riegle's campaign.

A Detroit newspaper reported that the bulk of the funds raised at the 1987 hotel Pontchartrain event were from Keating, his family and ACC/LSL employees. On February, 1988, Riegle returned the contributions made by Keating and his associates. Riegle testified under oath before the Senate Ethics Committee that he did not know the magnitude of the Keating family and associates contributions, until he read the newspaper article.

In an effort to determine if Riegle perjured himself, leads were sent to interview [redacted]

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[redacted] prepared a memo, dated February 28, 1988, concerning the fund raiser event, where she stated, "We know Keating can produce" the \$100,000. [redacted] signed the report that the Riegle Committee submitted to the FEC for the first six months of 1987. In this report the contributions raised in connections with the hotel Pontchartrain event in 1987 were listed by contributors name, address and employer.

On July 9, 1991, a meeting was held in Los Angeles of the Office of the U.S. Attorney. (AUSA [redacted] and Departmental Attorney [redacted] attended this meeting). During this meeting investigation requested by them was discussed. It was decided by [redacted] and [redacted] that before they made a prosecutive decision they would review the evidence collected thus far. Attorneys [redacted] and [redacted] did not request any additional investigation regarding senators McCain,

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Riegle, Deconcini and Glenn. Attorneys [redacted] and [redacted] requested that the Federal Bureau of Investigation (FBI) interview people who contributed \$25,000 or more to Cranston affiliated "soft money" voter registration groups.

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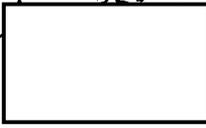
Eight interviews have been conducted, and these individuals, revealed no connection between Cranston's services for contributions to "soft money" groups. Two interviews remain outstanding.

SARA

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Codes for Levels of Officials	
Federal	Local (Continued)
K01 President K02 Vice-President K03 Cabinet Level K04 U.S. Senator K05 U.S. Representative K06 Judge K07 Prosecutor K08 Law Enforcement Official K09 Federal Employee, GS-13 and above K10 Federal Employee, GS-12 and below K11 Military Personnel, commissioned K12 Military Personnel, non-commissioned	M13 Law Enforcement Officer - command position Field Office or SSRA city M14 Law Enforcement Officer - command position Non-Field Office or SSRA city M15 Law Enforcement Officer - ranking officer Field Office or SSRA city M16 Law Enforcement Officer - ranking officer Non-Field Office or SSRA city M17 Other Elected Officials - Field Office or SSRA city M18 Other Elected Officials - Non-Field Office or SSRA city M19 Public Employee (appointed) - Field Office or SSRA city, managerial level or above M20 Public Employee (appointed) - Non-Field Office or SSRA city, managerial level or above M21 Public Employee (appointed) - Field Office or SSRA city, less than managerial M22 Public Employee (appointed) - Non-Field Office or SSRA city, less than managerial
State	Territorial
L01 Governor L02 Lt. Governor L03 Cabinet Level L04 Senator L05 Representative L06 Judge L07 Prosecutor L08 Law Enforcement Officer L09 State Employee, managerial or above L10 State Employee, less than managerial	N01 Governor N02 Lt. Governor N03 Cabinet Level N04 Senator N05 Representative N06 Judge N07 Prosecutor N08 Law Enforcement Officer N09 Territorial Employee, managerial or above N10 Territorial Employee, less than managerial
Local	
M01 Mayor - Field Office or SSRA city M02 Mayor - Non-Field Office or SSRA city M03 Legislator (Commissioner, Council- man, etc.) Field Office or SSRA city M04 Legislator (Commissioner, Council- man, etc.) Non-Field Office or SSRA city M05 Judge - Field Office or SSRA city M06 Judge - Non-Field Office of SSRA city M07 Prosecutor - Field Office or SSRA city M08 Prosecutor - Non-Field Office or SSRA city M09 Chief of Police - Field Office or SSRA city M10 Chief of Police - Non-Field Office or SSRA city M11 Sheriff - Field Office or SSRA city M12 Sheriff - Non-Field Office or SSRA city	

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- NCLAS E F T O
- UNCLAS

Date 9/25/91

To : Director, FBI (Attention: Criminal Investigative Division)
 From : SAC, Phoenix Resident Agency _____
 Subject : Public Corruption Data Transmittal Form (if applicable)

1. Title : (use additional page if necessary)

ALLEGATIONS CONCERNING UNITED STATES SENATORS ALAN CRANSTON; ET AL;
 CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN ASSOCIATION
 AND AMERICAN CONTINENTAL CORPORATION; CORRUPTION OF FEDERAL PUBLIC
 OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES
 Re: Phoenix LHM, dated 12/19/89

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

3. Office of Origin File No. 58C - PX - 41605
 (include alpha)

4. Initial submission Supplemental submission Final submission (check one)

5. Date opened upon SAC authority 11/8/89

6. Level of subject public official(s) (See codes on reverse. Use additional pages, as necessary, for additional subjects.) (all inclusive)

Level KO4 Number of subject (s) 5
 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) (all inclusive)

Code Number / Description	Code Number / Description
Z1 <input type="checkbox"/> Acct. Tech. Assist.	Z14 <input type="checkbox"/> Pen Registers
Z2 <input type="checkbox"/> Aircraft Assist.	Z15 <input type="checkbox"/> Photo Coverage
Z3 <input type="checkbox"/> Computer Assist.	Z16 <input type="checkbox"/> Polygraph Assist.
Z4 <input type="checkbox"/> Consensual Monitoring Tel _____ Non Tel _____	Z17 <input type="checkbox"/> Search Warrants Use
Z5 <input type="checkbox"/> Elsur - FISC	Z18 <input type="checkbox"/> Show Money Use
Z6 <input type="checkbox"/> Elsur - Title III	Z19 <input type="checkbox"/> Surveillance Squad Use
Z7 <input type="checkbox"/> Eng. Sect. Field Support	Z20 <input type="checkbox"/> Swat Team
Z8 <input type="checkbox"/> Eng. Sect. Tape Exams	Z21 <input type="checkbox"/> Tech. Agent
Z9 <input type="checkbox"/> Hypnosis Assist.	Z22 <input type="checkbox"/> Telephone Toll Records
Z10 <input type="checkbox"/> Ident Div. Assist.	Z23 <input type="checkbox"/> Group I UCO Date Init. _____ Date Covert Activity Ceased _____
Z11 (A) <input type="checkbox"/> Symboled Informant	Z24 <input type="checkbox"/> Group II UCO Date Init. _____ Date Covert Activity Ceased _____
Z11 (B) <input type="checkbox"/> Cooperating Witness	Z25 <input type="checkbox"/> Undercover - Other
Z11 (C) <input type="checkbox"/> Cooperating Subject	Z26 <input type="checkbox"/> NCAVG/VI - CAP
Z12 <input type="checkbox"/> Lab. Div. Exams	Z27 <input type="checkbox"/> V IA
Z13 <input type="checkbox"/> Lab. Div. Field Support	

2 - Field Office (1 - 29D-LA-102009)

3 - FBIHQ (Enc. 4)

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

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

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

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

2 - Los Angeles (1 - 58C-PX-41605) (Enc. 1)

(1 - 29D-LA-102009)

REB:slj (11)

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description

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

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

- (C) Contract Corruption
 C1 Federal
 C2 State
 C3 Local
 C4 Territorial

Code Number/Description

- (D) Regulatory Corruption
 D1 Federal
 D2 State
 D3 Local
 D4 Territorial

- (E) Law Enforcement Corruption
 E1 Federal
 E2 State
 E3 Local
 E4 Territorial

- (F) Abuse of Office
 F1 Abuse of Office
Not Involved

Code Number/Description

- (G) Election Law Matters
 G1 Vote Buying
 G2 Alien Voting
 G3 Ballot Box Stuffing
 G4 Fraudulent Registrations
 G5 Tampering with Voting Equipment
 G6 Campaign Financing
 G7 Intimidation
 G8 All Others

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

10. Statistical Accomplishments (cumulative total)

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

11. Forfeiture Provisions Utilized (check one) Yes No

12. Status of Case (check one)

- Pending Preliminary Inquiry (Limited to 90 days)
 Pending Full Investigation
 Closed

13. Basis for Closing

Level of Official

Number of Subjects (All inclusive)

- | | | |
|--|-------|-------|
| <input type="checkbox"/> U.S. Attorney Declination | _____ | _____ |
| <input type="checkbox"/> Dismissal | _____ | _____ |
| <input type="checkbox"/> Acquittal | _____ | _____ |
| <input type="checkbox"/> Conviction | _____ | _____ |
| <input type="checkbox"/> Administrative by SAC | _____ | _____ |

Additional Administrative Data (if needed): The only investigation requested by DEPARTMENT OF JUSTICE and the U.S. ATTORNEY'S OFFICE in Los Angeles were interviews to be conducted of major contributors to soft money voter registration groups affiliated with CRANSTON. Remaining interviews were to focus on CRANSTON and the pattern of services performed by CRANSTON for KEATING and these major contributors. The majority of the leads are still outstanding, however, those that have been covered have failed to reveal connections between CRANSTON services for contributions to the soft money groups.

LEADS: AT PHOENIX AND LOS ANGELES:

Will report results of CRANSTON contributor, soft money, interviews and prosecutive decision rendered by the DEPT. OF JUSTICE and the USA'S OFFICE in Los Angeles.

58C-PX-41605-247

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SERIALIZED <u>3</u>	FILED <u>6</u>
JAN 23 1992	
FBI — LOS ANGELES	

[Signature]

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 1/21/92

TO : SAC, PHOENIX

FROM : SAC, LOS ANGELES (58C-PX-41605) (SARA) (P)

SUBJECT : ALLEGATIONS CONCERNING U.S. SENATORS,
 ALAN CRANSTON, ET AL;
 CHARLES H. KEATING, JR., dba
 LINCOLN SAVINGS AND LOAN ASSOCIATION,
 AMERICAN CONTINENTAL CORPORATION;
 CORRUPT PUBLIC OFFICIALS - LEGISLATIVE;
 OO: Phoenix

Enclosed under separate cover to Phoenix Division is evidence that had previously been sent to Santa Ana on 5/7/91.

Items of evidence are marked as follows:

1b (25), (27), (34), (44), (45), (46), (47), (50), (51), (59), item R-1, R-2, R-4,

1b (62) item 1, 3, 4,

1b (65) item 6, 9, 14.

3 - Phoenix
 (1 - packaged copy)
 (1 - ATTN: Evidence Control Technician [redacted])
 ② - Los Angeles
 GKM/klz
 (5)

58C-PX-41605-248

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SEARCHED _____
 INDEXED _____
 SERIALIZED 91
 FILED 17

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

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FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 2/7/92

FM FBI LOS ANGELES (58C-PX-41605)

TO DIRECTOR FBI/ROUTINE/

FBI PHOENIX/ROUTINE/

BT

UNCLAS

CITE: //3410:0670//

PASS: PUBLIC CORRUPTION UNIT, SSA

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SUBJECT: ALLEGATIONS CONCERNING US SENATORS ALAN CRANSTON,
 DENNIS DEACONCINI, JOHN GLENN, JOHN MCCAIN, DONALD RIEGLE;
 CHARLES H KEATING, JR, DBA LINCOLN SAVINGS AND LOAN
 ASSOCIATION, IRVINE, CALIFORNIA; AMERICAN CONTINENTAL
 CORPORATION, PHOENIX, ARIZONA; CORRUPTION OF FEDERAL PUBLIC
 OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES.

FOR INFORMATION OF THE BUREAU INVESTIGATION OF THIS
 MATTER HAS BASICALLY CONCLUDED BY THE LOS ANGELES DIVISION AND
 THE PHOENIX DIVISION. RESULTS OF THE INVESTIGATION FOR THE

58C-PX-41605-249

SEARCHED _____

INDEXED _____

SERIALIZED 4

FILED 7

GKM/KLZ

Approved: CJP/je

Original filename: KLZ002W-038

Time Received: _____

Telprep filename: _____

MRI/JULIAN DATE: _____

ISN: _____

FOX DATE & TIME OF ACCEPTANCE: (602) 279-5511 2/10/92 1:13pm
(202) 324-4705 2/10/92 1:10pm ch

^PAGE 2 58C-PX-41605/UNCLAS/

PAST TWO YEARS HAS CONSISTENTLY BEEN SHARED WITH ASSISTANT UNITED STATES ATTORNEY [REDACTED] FROM THE LOS ANGELES UNITED STATES ATTORNEY'S OFFICE AND [REDACTED] ATTORNEY WITH THE PUBLIC INTEGRITY SECTION, DEPARTMENT OF JUSTICE, WASHINGTON D.C.

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FOR THE PAST SIX TO EIGHT MONTHS THE INVESTIGATION HAS FOCUSED PRIMARILY ON THE ACTIVITIES OF UNITED STATES SENATOR ALAN CRANSTON (D) (CALIFORNIA) AND HIS RELATIONSHIP WITH CHARLES KEATING AND HIS ASSOCIATES.

THE RESULTS OBTAINED FROM THE FBI INVESTIGATION WERE VERY SIMILAR, IF NOT IDENTICAL, TO THE RESULTS OF THE UNITED STATES SENATE ETHICS COMMITTEE INVESTIGATION CONCERNING THE FIVE SENATORS.

THE FBI INVESTIGATION SHOWED SENATOR ALAN CRANSTON RECEIVED APPROXIMATELY \$800,000.00 EITHER DIRECTLY, AS CAMPAIGN CONTRIBUTIONS, OR INDIRECTLY TO CRANSTON SPONSORED PROJECTS. IN ADDITION IT APPEARS HE MAY HAVE PERFORMED UP TO 15 DIFFERENT ACTIVITIES WHICH WERE CONSIDERED OFFICIAL ACTS. TO DATE NO AGREED UPON QUID PRO QUO HAS BEEN ESTABLISHED.

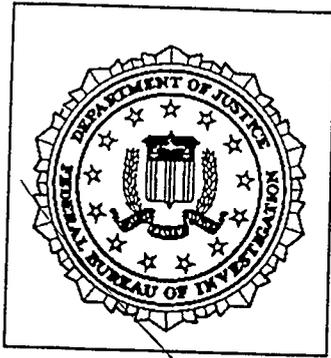
^PAGE 3 58C-PX-41605/UNCLAS/

ON 2/3/92, ASSISTANT UNITED STATES ATTORNEY [REDACTED]

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[REDACTED] ADVISED HE WOULD DECLINE PROSECUTION IN THIS MATTER DUE TO THE FACT INSUFFICIENT EVIDENCE EXISTS TO SHOW AN AGREED UPON QUID PRO QUO WHICH IS REQUIRED FOR A HOBBS ACT VIOLATION. LOS ANGELES DIVISION WILL IN THE NEAR FUTURE SUBMIT AND FD-761 AND ENCLOSED LETTERHEAD MEMORANDUM SETTING OUT A MORE DETAILED SUMMARY OF THE INVESTIGATION AND RESULTS.

BT



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED 1:10 pm
 SENDER'S INITIALS clh
 NUMBER OF PAGES 4
 (including cover)

TO: DIRECTOR, FBI DATE: 2/7/92

FACSIMILE NUMBER: _____

ATTN: SSA [redacted] PUBLIC CORRUPTION UNIT

FROM: LOS ANGELES

SUBJECT: 58C-PX-41605

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

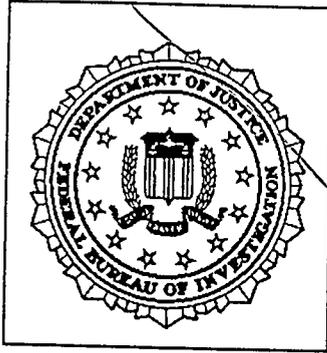
SSA [redacted] PUBLIC CORRUPTION UNIT

ORIGINATOR'S NAME: _____

ORIGINATOR'S FACIMILE NUMBER: [redacted]

APPROVED: [signature]

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b7C



**COVERSHEET
FBI FACSIMILE
LOS ANGELES DIVISION
SANTA ANA RA**

PRECEDENCE

- IMMEDIATE
- PRIORITY
- ROUTINE

CLASSIFICATION

- TOP SECRET
- SECRET
- CONFIDENTIAL
- SENSITIVE
- UNCLASSIFIED

TIME TRANSMITTED 1:13pm

SENDER'S INITIALS clh

NUMBER OF PAGES 4
(including cover)

TO: PHOENIX DATE: 2/7/92

FACSIMILE NUMBER: _____

ATTN: _____

FROM: LOS ANGELES

SUBJECT: 58C-PX-41605

SPECIAL HANDLING INSTRUCTIONS: PLEASE HAND CARRY TO

ORIGINATOR'S NAME: _____

ORIGINATOR'S FACIMILE NUMBER: _____

APPROVED: [Signature]

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b7C

4 - Bureau
2 - Phoenix
2 - Los Angeles

GKM/cpt
(8)

58C-PX-41605-250

SEARCHED _____

INDEXED _____

SERIALIZED 97

FILED _____

gpc



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

11000 Wilshire Boulevard
Los Angeles, California 90024

April 1, 1992

ALLEGATIONS CONCERNING UNITED STATES SENATORS
ALAN CRANSTON, DENNIS DECONCINI, JOHN GLENN,
JOHN MCCAIN AND DONALD RIEGLE;
CHARLES H. KEATING, JR.,
DOING BUSINESS AS LINCOLN SAVINGS AND LOAN ASSOCIATION,
IRVINE, CALIFORNIA;
AMERICAN CONTINENTAL CORPORATION,
PHOENIX, ARIZONA;
CORRUPTION OF FEDERAL OFFICIALS - LEGISLATIVE

As previously reported this matter was opened as a preliminary investigation on November 14, 1989, by FBIHQ on the written request of the Department of Justice. The request asked for an investigation of former Federal Home Loan Bank Board (FHLBB) [redacted] allegations of undue pressure asserted by Senators CRANSTON, DECONCINI, RIEGLE, MCCAIN, and GLENN, at two meetings with [redacted] and San Francisco bank regulators in April of 1987. The initial investigation showed that there were numerous services performed by the subject Senators on behalf of LINCOLN SAVINGS AND LOAN (LSL) and that these services could have been connected with campaign contributions received by the Senators. In addition, it appeared there may have been a correlation between money contributed to "soft money" groups supported by the Senators. Therefore, by Phoenix LHM dated December 19, 1989, authority for a full investigation was requested. By Bureau teletype dated February 22, 1990, the investigation was upgraded to a full investigation.

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The investigation has focused on services performed by the Senators for LSL during the period of 1986 through 1989, and the campaign and other related contributions received by the Senators from CHARLES KEATING and his companies and associates. AUSA [redacted] had advised that a successful prosecution would require that a link between the contributions and the services be proven.

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From the inception of the investigation until approximately April of 1991, all five Senators were investigated to determine their activities as it related to LSL, CHARLES KEATING, and his companies and associates. Various interviews of staffers of the Senators took place along with numerous subpoenas served obtaining records from the Senate offices.

In addition, various records being maintained at a separate location in Phoenix were periodically reviewed to substantiate the activities performed by the Senators on behalf of LSL.

On April 15, 1991, a meeting was held at the United States Attorney's Office in Los Angeles to discuss the investigation to date. In attendance were AUSA [redacted]

[redacted] DOJ Public Integrity Section Attorney [redacted]
FBIHQ Supervisor [redacted] Phoenix Supervisor [redacted]
Phoenix Case Agent [redacted] Los Angeles FBI Supervisor [redacted]
[redacted] and Los Angeles Case Agents [redacted]
[redacted]

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At this meeting, the evidence to date concerning the activities of Senators MCCAIN and GLENN was reviewed and analyzed. AUSA [redacted] and Attorney [redacted] decided it was not necessary to conduct any further investigation of MCCAIN and GLENN. Although the case against MCCAIN and GLENN was not formerly declined at this time, investigation was concluded and the formal declination was deferred until the entire case was complete.

The evidence concerning the activities of Senators RIEGLE and DECONCINI was then summarized and reviewed. At that point, it was determined the investigation would continue regarding RIEGLE and DECONCINI. It was determined a few additional individuals would be interviewed concerning the activities of RIEGLE and DECONCINI, to include the fund raisers for RIEGLE. Senator RIEGLE's testimony before the Senate Ethics Committee would be scrutinized for any statements made by RIEGLE which appear to be contrary to the evidence which existed to date.

It was then determined that three additional areas should be reviewed concerning Senator DECONCINI. One related to the charitable contributions raised by [redacted] from KEATING. Another area related to the loans made to R.A. HOMES,

[redacted]

The third area related to whether [redacted] and DECONCINI had any business partnerships, in particular whether they were partners in P.B. INVESTORS or PINNACLE PEAK NORTH INVESTORS.

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In addition to the above, the evidence to date concerning Senator ALAN CRANSTON was also summarized and reviewed. [redacted] agreed that [redacted]

[redacted]



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On July 9, 1991, a meeting was held at the United States Attorney's Office in Los Angeles to discuss the investigation. In attendance again were the same individuals who attended the April 15, 1991 meeting.

At the meeting, the evidence to date concerning Senator DECONCINI was summarized, reviewed, and discussed.

It was decided at the July 9, 1991 meeting that there was insufficient evidence to charge DECONCINI with a criminal violation and that there were no worthwhile leads outstanding. Although DECONCINI may have received in excess of \$45,000 from KEATING and/or his associates, there was no direct evidence to link any activities he may have performed directly with the contributions. In addition, there was no evidence to suggest that there was an agreed upon quid pro que between CHARLES KEATING and any of his associates with Senator DECONCINI or any of his staff.

The evidence to date concerning Senator RIEGLE was also summarized, reviewed, and discussed. All at the meeting agreed that there was insufficient evidence to charge RIEGLE with a bribery or receiving a gratuity. There was evidence that Senator RIEGLE organized the April 2, 1987 meeting between GRAY and the Senators. This appears to have been done within one week after KEATING had sponsored a major fund raising event for RIEGLE in Detroit which raised approximately \$100,000 for RIEGLE's campaign. Other than the timing, there is no evidence of a correlation between the fund raiser and RIEGLE's actions. With respect to RIEGLE's testimony before the Senate Ethics Committee, although there was strong evidence that RIEGLE had committed perjury regarding his explanation of learning about the funds contributed by KEATING, his family and employees. AUSA [redacted] and [redacted] stated that the point on which RIEGLE apparently gave false testimony was not significant enough to justify a perjury charge.

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Therefore at the July 9, 1991 meeting it was decided investigation would conclude concerning Senators DECONCINI and RIEGLE. The formal declination concerning those Senators would be deferred until the investigation in full had been completed. It was then decided to focus primarily on Senator ALAN CRANSTON and his relationship with CHARLES KEATING, et al.

The evidence to date concerning Senator ALAN CRANSTON was then summarized, reviewed, and discussed. In addition, evidence concerning [redacted] was discussed. The discussion focused on evidence that [redacted] violated the federal election law in connection with conduit contributions and that [redacted] may have committed perjury in her testimony before the Senate Ethics Committee. The attorneys decided that the offenses were not serious enough to merit prosecution.

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After reviewing the evidence against CRANSTON, the attorneys agreed there was not enough evidence to support a criminal charge against CRANSTON for receiving a bribe or gratuity for receiving compensation in violation of section 203.

The attorneys did further request investigation to continue in order to determine whether CRANSTON had required political contributions from other individuals for whom he may have performed official acts. The attorneys requested all other contributors to CRANSTON's voter registration projects who contributed in excess of \$25,000 be interviewed regarding the circumstances of their contributions and whether they had any matters pending with CRANSTON's office. In addition, it was requested to determine if those contributors had any legislation pending before the United States Senate through which CRANSTON could assert his influence.

It was agreed that if the above described interviews met with negative results no further investigation would be conducted. It was anticipated the attorneys would then decline prosecution concerning all five Senators.

Beginning in August of 1991 and continuing through December of 1991, approximately 10 to 12 interviews were conducted with individuals who had contributed large sums of money to the various CRANSTON supported "soft money" groups. These groups included voter registration and Get-Out-The-Vote efforts. The interviews met with negative results concerning any agreed upon quid pro quo between the contributors and Senator ALAN CRANSTON.

The results of the Senate Ethics Committee investigation were discussed with AUSA [redacted] and Attorney [redacted]. It was determined the FBI investigation obtained very similar if not identical results in their investigation and both were unsuccessful in obtaining evidence showing the existence of an agreed upon quid pro quo between any of the U.S. Senators and CHARLES KEATINGS and/or his associates.

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58C-PX-41605

On February 3, 1992, this matter in its entirety was again discussed with AUSA [redacted] AUSA [redacted] advised he would decline prosecution concerning the five U.S. Senators due to the fact insufficient evidence to show an agreed upon quid pro quo existed. He added an agreed upon quid pro quo is absolutely required for a Hobbs Act extortion and/or bribery violation. The AUSA opinion was subsequently discussed with Attorney [redacted] who concurred with the declination.

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Therefore, due to the above, the Los Angeles Division and the Phoenix Division of the FBI have at this time concluded the investigation concerning the relationship and activities between CHARLES H. KEATING, JR., and Senators ALAN CRANSTON, DENNIS DECONCINI, JOHN GLENN, JOHN MCCAIN, and DONALD RIEGLE.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- NCLAS E F T O
- UNCLAS

Date 4/1/92

To : Director, FBI (Attention: Criminal Investigative Division)
 From : SAC, Los Angeles Resident Agency Santa Ana
 Subject : Public Corruption Data Transmittal Form (if applicable)

1. Title : (use additional page if necessary) ALLEGATIONS CONCERNING U.S. SENATORS ALAN CRANSTON, DENNIS DECONCINI, JOHN GLENN, JOHN MCCAIN, DONALD RIEGLE; CHARLES H. KEATING, JR., dba LINCOLN SAVINGS AND LOAN ASSOCIATION, Irvine, CA; AMERICAN CONTINENTAL CORPORATION, Phoenix, Arizona; CORRUPTION OF FEDERAL PUBLIC OFFICIALS - LEGISLATIVE; OO: PX/LA

Re: Phoenix LHM dated 9/25/91.

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

3. Office of Origin File No. 58C - PX - 41605
 (include alpha)

4. Initial submission Supplemental submission Final submission (check one)

5. Date opened upon SAC authority 11/14/89

6. Level of subject public official(s) (See codes on reverse. Use additional pages, as necessary, for additional subjects.) (all inclusive)

Level K04 Number of subject (s) 5
 Level _____ Number of subject (s) _____
 Level _____ Number of subject (s) _____

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

Code Number / Description

- Z1 Acct. Tech. Assist.
- Z2 Aircraft Assist.
- Z3 Computer Assist.
- Z4 Consensual Monitoring
Tel _____ Non Tel _____
- Z5 Elsur - FISC
- Z6 Elsur - Title III
- Z7 Eng. Sect. Field Support
- Z8 Eng. Sect. Tape Exams
- Z9 Hypnosis Assist.
- Z10 Ident Div. Assist.
- Z11 (A) Symboled Informant
- Z11 (B) Cooperating Witness
- Z11 (C) Cooperating Subject
- Z12 Lab. Div. Exams
- Z13 Lab. Div. Field Support

Code Number / Description

- Z14 Pen Registers
- Z15 Photo Coverage
- Z16 Polygraph Assist.
- Z17 Search Warrants Use
- Z18 Show Money Use
- Z19 Surveillance Squad Use
- Z20 Swat Team
- Z21 Tech. Agent
- Z22 Telephone Toll Records
- Z23 Group I UCO
Date Init. _____ Date Covert Activity Ceased _____
- Z24 Group II UCO
Date Init. _____ Date Covert Activity Ceased _____
- Z25 Undercover - Other
- Z26 NCAVG/VI - CAP
- Z27 V IA

2 - Field Office
 3 - FBIHQ
 (1 - White-Collar Crimes Section, Public Corruption Unit)

2 - Phoenix

Approved: _____ Transmitted _____ (Number) (Time)

RUC
 #5
 4/1/92
 Per [Signature]
 SEARCHED
 INDEXED
 SERIALIZED
 251

8. Type of Corruption Investigated (check all appropriate boxes)

Code Number/Description	Code Number/Description	Code Number/Description
(A) Judicial Corruption	(D) Regulatory Corruption	(G) Election Law Matters
A1 <input type="checkbox"/> Federal	D1 <input type="checkbox"/> Federal	G1 <input type="checkbox"/> Vote Buying
A2 <input type="checkbox"/> State	D2 <input type="checkbox"/> State	G2 <input type="checkbox"/> Alien Voting
A3 <input type="checkbox"/> Local	D3 <input type="checkbox"/> Local	G3 <input type="checkbox"/> Ballot Box Stuffing
A4 <input type="checkbox"/> Territorial	D4 <input type="checkbox"/> Territorial	G4 <input type="checkbox"/> Fraudulent Registrations
(B) Legislative Corruption	(E) Law Enforcement Corruption	G5 <input type="checkbox"/> Tampering with Voting Equipment
B1 <input checked="" type="checkbox"/> Federal	E1 <input type="checkbox"/> Federal	G6 <input type="checkbox"/> Campaign Financing
B2 <input type="checkbox"/> State	E2 <input type="checkbox"/> State	G7 <input type="checkbox"/> Intimidation
B3 <input type="checkbox"/> Local	E3 <input type="checkbox"/> Local	G8 <input type="checkbox"/> All Others
B4 <input type="checkbox"/> Territorial	E4 <input type="checkbox"/> Territorial	
(C) Contract Corruption	(F) Abuse of Office	
C1 <input type="checkbox"/> Federal	F1 <input type="checkbox"/> Abuse of Office	
C2 <input type="checkbox"/> State		
C3 <input type="checkbox"/> Local	<i>Not Involved</i>	
C4 <input type="checkbox"/> Territorial		

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

10. Statistical Accomplishments (cumulative total)

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

11. Forfeiture Provisions Utilized (check one) Yes No

12. Status of Case (check one)

- Pending Preliminary Inquiry (Limited to 90 days)
- Pending Full Investigation
- Closed

13. Basis for Closing **Level of Official** **Number of Subjects (All inclusive)**

<input checked="" type="checkbox"/> U.S. Attorney Declination	_____	_____
<input type="checkbox"/> Dismissal	_____	_____
<input type="checkbox"/> Acquittal	_____	_____
<input type="checkbox"/> Conviction	_____	_____
<input type="checkbox"/> Administrative by SAC	_____	_____

Additional Administrative Data (if needed):

For information, since the last LHM sent on 9/25/91, various interviews have been conducted with individuals who have contributed to various CRANSTON soft money groups. All interviews met with negative results concerning any agreed upon quid pro quo whereby ALAN CRANSTON would perform any political services for the contributor in exchange for the contribution.

In addition, all investigation requested by Attorneys from the Department of Justice, Public Integrity Section and the Assistant United States Attorney in Los Angeles has been completed and met with negative results concerning the obtainment of a quid pro quo between Senator ALAN

(see additional page)

58C-PX-41605

Additional Administrative Data (con't):

CRANSTON and individuals who had contributed money to organizations and causes supported by CRANSTON.

Results of the investigation for the past two years has consistently been shared with AUSA [redacted] from the Los Angeles United States Attorney's Office and [redacted] Attorney with the Public Integrity Section, Department of Justice, Washington, D.C.

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The results obtained from the FBI investigation were very similar if not identical to the results of the United States Senate Ethics Committee investigation concerning the five senators. During meetings held periodically during the course of the investigation, it was decided to conclude the investigation on various Senators. At the final phase of the investigation, the only Senator being investigated was Senator ALAN CRANSTON. Investigation has met with negative results in proving an agreed upon quid pro que between Senator ALAN CRANSTON and CHARLES KEATING or his associates.

On 2/3/92, AUSA [redacted] advised he would decline prosecution in this matter due to the fact insufficient evidence exists to show an agreed upon quid pro que which is required for a Hobbs Act violation. Department of Justice Attorney [redacted] as mentioned, has been kept apprised of this investigation and in recent conversations concur with the above declination.

FBI

07

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 6/24/92

RMB/BJ

TO : SAC, LOS ANGELES (58C-PX-41605) (WCC4/SARA) (C)
 FROM : SAC, WMFO (58C-PX-41605) (C-9/NVMRA) (RUC)

ALLEGATIONS CONCERNING U.S. SENATORS
 ALAN CRANSTON, DENNIS D. DE CONCINI,
 JOHN GLENN, JOHN MC CAIN, DONALD REIGLE;
 CHARLES H. KEATING, JR., DBA
 LINCOLN SAVINGS AND LOAN ASSOCIATION
 OF CALIFORNIA (LSL) AND AMERICAN
 CONTINENTAL CORPORATION (ACC),
 PHOENIX, ARIZONA;
 CORRUPTION OF FEDERAL PUBLIC
 OFFICIALS-LEGISLATIVE;
 OO: PX/LA

Re 6/22/92 WMFO telcall of C-9 SA [redacted]
 [redacted] to Los Angeles/Santa Ana SA [redacted]

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In retelcall, SA [redacted] advised that Los Angeles recently closed this matter; that an information copy of the closing communication would be sent to WMFO; and that no further coordination or investigation was required by WMFO.

In view of the above, this matter is RUC at WMFO.

58C-PX-41605-251x1
 SEARCHED [initials] SERIALIZED [initials]
 JUL 01 1992
 [signature]

③-Los Angeles
 1-WMFO
 REA:rea

(4)

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

C

Date 8/17/92

TO : SAC, LOS ANGELES. (58C-PX-41605) ✓ RUC CIA

FROM : SAC, CINCINNATI (58C-PX-41605) (RUC)

SUBJECT : ALLEGATIONS CONCERNING UNITED STATES SENATORS ALAN CRANSTON; ET AL
CORRUPTION OF FEDERAL PUBLIC OFFICIALS-LEGISLATURE
(OO:PX)

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Re Cincinnati telephone call to Los Angeles, on 8/14/92.

Referenced Cincinnati telephone call to Los Angeles, on 8/14/92, indicates that captioned matter is in a closed status.

In view of the above, Cincinnati is placing this matter in an RUC status.

- ② Los Angeles
- 2-Phoenix
- 2-Cincinnati
(1-58C-PX-41605)
(1-29D-LA-102009)

EAV:gmb
(6)

FILE REVIEWED
DATE 8 17 92
INITIALS RW

58C-PX-41605-252

SEARCHED	SERIALIZED
SERIALIZED	FILED
AUG 24 1992	

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Approved: AS Transmitted _____ Per _____
(Number) (Time)

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

FBI

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- NCLAS E F T O
- UNCLAS

Date 9/25/91

To 354 Director, FBI (Attention: Criminal Investigative Division)
 From 354 SAC, Phoenix Resident Agency _____
 Subject 354 Public Corruption Data Transmittal Form (if applicable) _____

1. Title : (use additional page if necessary)

ALLEGATIONS CONCERNING UNITED STATES SENATORS ALAN CRANSTON; ET AL;
 CHARLES H. KEATING, JR., DBA LINCOLN SAVINGS AND LOAN ASSOCIATION
 AND AMERICAN CONTINENTAL CORPORATION; CORRUPTION OF FEDERAL PUBLIC
 OFFICIALS - LEGISLATIVE; OO: PHOENIX/LOS ANGELES
 Re: Phoenix LHM, dated 12/19/89

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

3. Office of Origin File No. 58C - PX - 41605
 (include alpha)

4. Initial submission Supplemental submission Final submission (check one)

5. Date opened upon SAC authority 11/8/89

6. Level of subject public official(s) (See codes on reverse. Use additional pages, as necessary, for additional subjects.) (all inclusive)

Level KO4 Number of subject (s) 5
 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) (all inclusive)

58C-PX-41605-3

Code Number / Description

- Z1 Acct. Tech. Assist.
- Z2 Aircraft Assist.
- Z3 Computer Assist.
- Z4 Consensual Monitoring
Tel _____ Non Tel _____
- Z5 Elsur - FISC
- Z6 Elsur - Title III
- Z7 Eng. Sect. Field Support
- Z8 Eng. Sect. Tape Exams
- Z9 Hypnosis Assist.
- Z10 Ident Div. Assist.
- Z11 (A) 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
Date Init. _____ Date Covert Activity Ceased _____
- Z24 Group II UCO
Date Init. _____ Date Covert Activity Ceased _____
- Z25 Undercover - Other
- Z26 NCAVG/VI - CAP
- Z27 V IA

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b7C

4-ENC 1

2 - Field Office (1 - 29D-LA-102009)
 3 - FBIHQ (Enc. 4) 354
 (1 - White-Collar Crimes Section, Public Corruption Unit)

RM 2/28/91

(1 - Congressional Affairs Office, Attn: SSA _____)
 (1 - Financial Crimes Unit, Attn: SSA _____)
 Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

2 - Los Angeles (1 - 58C-PX-41605) (Enc. 4)
 (1 - 29D-LA-102009)

REB:slj (11)

2 CCs TO DOJ/PIS
1 CC TO WCCS, RM 3849
 DATE: 4-2-92 BY: V.A.B

Codes for Levels of Officials

Federal	Local (Continued)
K01 President K02 Vice-President K03 Cabinet Level K04 U.S. Senator K05 U.S. Representative K06 Judge K07 Prosecutor K08 Law Enforcement Official K09 Federal Employee, GS-13 and above K10 Federal Employee, GS-12 and below K11 Military Personnel, commissioned K12 Military Personnel, non-commissioned	M13 Law Enforcement Officer - command position Field Office or SSRA city M14 Law Enforcement Officer - command position Non-Field Office or SSRA city M15 Law Enforcement Officer - ranking officer Field Office or SSRA city M16 Law Enforcement Officer - ranking officer Non-Field Office or SSRA city M17 Other Elected Officials - Field Office or SSRA city M18 Other Elected Officials - Non-Field Office or SSRA city M19 Public Employee (appointed) - Field Office or SSRA city, managerial level or above M20 Public Employee (appointed) - Non-Field Office or SSRA city, managerial level or above M21 Public Employee (appointed) - Field Office or SSRA city, less than managerial M22 Public Employee (appointed) - Non-Field Office or SSRA city, less than managerial
State	Territorial
L01 Governor L02 Lt. Governor L03 Cabinet Level L04 Senator L05 Representative L06 Judge L07 Prosecutor L08 Law Enforcement Officer L09 State Employee, managerial or above L10 State Employee, less than managerial	N01 Governor N02 Lt. Governor N03 Cabinet Level N04 Senator N05 Representative N06 Judge N07 Prosecutor N08 Law Enforcement Officer N09 Territorial Employee, managerial or above N10 Territorial Employee, less than managerial
Local	
M01 Mayor - Field Office or SSRA city M02 Mayor - Non-Field Office or SSRA city M03 Legislator (Commissioner, Council- man, etc.) Field Office or SSRA city M04 Legislator (Commissioner, Council- man, etc.) Non-Field Office or SSRA city M05 Judge - Field Office or SSRA city M06 Judge - Non-Field Office of SSRA city M07 Prosecutor - Field Office or SSRA city M08 Prosecutor - Non-Field Office or SSRA city M09 Chief of Police - Field Office or SSRA city M10 Chief of Police - Non-Field Office or SSRA city M11 Sheriff - Field Office or SSRA city M12 Sheriff - Non-Field Office or SSRA city	

8. Type of Corruption Investigated (check all appropriate boxes)

<p>Code Number/Description</p> <p>(A) Judicial Corruption A1 <input type="checkbox"/> Federal A2 <input type="checkbox"/> State A3 <input type="checkbox"/> Local A4 <input type="checkbox"/> Territorial</p> <p>(B) Legislative Corruption B1 <input checked="" type="checkbox"/> Federal B2 <input type="checkbox"/> State B3 <input type="checkbox"/> Local B4 <input type="checkbox"/> Territorial</p> <p>(C) Contract Corruption C1 <input type="checkbox"/> Federal C2 <input type="checkbox"/> State C3 <input type="checkbox"/> Local C4 <input type="checkbox"/> Territorial</p>	<p>Code Number/Description</p> <p>(D) Regulatory Corruption D1 <input type="checkbox"/> Federal D2 <input type="checkbox"/> State D3 <input type="checkbox"/> Local D4 <input type="checkbox"/> Territorial</p> <p>(E) Law Enforcement Corruption E1 <input type="checkbox"/> Federal E2 <input type="checkbox"/> State E3 <input type="checkbox"/> Local E4 <input type="checkbox"/> Territorial</p> <p>(F) Abuse of Office F1 <input type="checkbox"/> Abuse of Office <i>Not Involved</i></p>	<p>Code Number/Description</p> <p>(G) Election Law Matters G1 <input type="checkbox"/> Vote Buying G2 <input type="checkbox"/> Alien Voting G3 <input type="checkbox"/> Ballot Box Stuffing G4 <input type="checkbox"/> Fraudulent Registrations G5 <input type="checkbox"/> Tampering with Voting Equipment G6 <input type="checkbox"/> Campaign Financing G7 <input type="checkbox"/> Intimidation G8 <input type="checkbox"/> All Others</p>
--	---	--

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

10. Statistical Accomplishments (cumulative total)

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

11. Forfeiture Provisions Utilized (check one) Yes No

12. Status of Case (check one)

Pending Preliminary Inquiry (Limited to 90 days)
 Pending Full Investigation
 Closed

13. Basis for Closing Level of Official Number of Subjects (All inclusive)

<input type="checkbox"/> U.S. Attorney Declination	_____	_____
<input type="checkbox"/> Dismissal	_____	_____
<input type="checkbox"/> Acquittal	_____	_____
<input type="checkbox"/> Conviction	_____	_____
<input type="checkbox"/> Administrative by SAC	_____	_____

Additional Administrative Data (if needed): The only investigation requested by DEPARTMENT OF JUSTICE and the U.S. ATTORNEY'S OFFICE in Los Angeles were interviews to be conducted of major contributors to soft money voter registration groups affiliated with CRANSTON. Remaining interviews were to focus on CRANSTON and the pattern of services performed by CRANSTON for KEATING and these major contributors. The majority of the leads are still outstanding, however, those that have been covered have failed to reveal connections between CRANSTON services for contributions to the soft money groups.

LEADS: AT PHOENIX AND LOS ANGELES:

Will report results of CRANSTON contributor, soft money, interviews and prosecutive decision rendered by the DEPT. OF JUSTICE and the USA'S OFFICE in Los Angeles.

FBI

TRANSMIT VIA:

- Teletype
- Facsimile

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS ~~SECRET~~
- UNCLAS

Date 4/20/90

SSP
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V-43

TO: DIRECTOR, FBI
ATTN: SSA [redacted] WHITE COLLAR CRIME SECTION

FROM: SAC, MIAMI (29D MM-49881) (196A MM-50288) (WCC-1) (P)

[redacted]

CENTRUST BANK,
MIAMI, FLORIDA
BF&E
(OO: MIAMI)
29D MM-49881

[redacted]

CHARLES KEATING, JR.,
CEO OF LINCOLN FEDERAL SAVINGS & LOAN,
IRVINE, CALIFORNIA;
FBW; MF
(OO: MIAMI)
196A MM-50288

196-1070-1

~~APR 26 1990~~

- 4 - Bureau
- 2 - WCC Section (Division 6)
- 2 - Investigative Support Section (Division 6)
- 4 - Miami (2 - 29D MM-49881)
- 2 - 196A MM-50288

DJW:jkj
(8)

SEE CID ADDENDUM PAGE 45

Approved: [Signature]

Transmitted _____ (Number) _____ (Time)

Per _____

b6
b7c

b6
b7c

ORIGINAL FILED IN 29-112075-5

ADDENDUM: CRIMINAL INVESTIGATIVE DIVISION (CID); WHITE-COLLAR
CRIME SECTION (WCCS); 5/4/90; GDM/gdm

SAC Miami has requested that the Miami budget be increased by \$24,838 in FY 90 and \$49,684 in FY 91 to cover the previously unanticipated costs of the Centrust Bank failure investigation.

The Centrust investigation involves allegations of insider abuse by [redacted]

[redacted] Criminal referrals have been received and the FBI is currently conducting an investigation in conjunction with the State of Florida Comptrollers Office, the Office of Thrift Supervision, and the IRS. The investigation is expected to last at least two years in the investigative stage and is related to the failure of Lincoln Federal Savings and Loan through participation in questionable junk bond offerings promoted by [redacted] of Drexel Burnham Lambert. This aspect of the case is expected to require extensive travel by the case agent.

The Investigative Support Section (ISS), CID was contacted and advised that as of the half-year point of FY 90 the Miami Division had expended only 22% of their confidential case funding account budget. Based on this data it appears that the existing budget for FY 90 is sufficient to cover any costs associated with the Centrust investigation.

This request has been reviewed by the Financial Crimes Unit of the White-Collar Crimes Section. Due to the fact that these projected costs have not yet been incurred and based on the current status of the confidential case fund budget we concur with the ISS that Miami seems to have enough budgeted funds to support this investigation. The ISS should the prepare the appropriate response to Miami.

APPROVED: [Signature] WMB
SPECIAL AGENT IN CHARGE
ADVISOR: [Signature] DM
ADD: [Signature] V
[Signature] C/ro

Director of Division
Chief of Bureau
Chief of Section
Chief of Unit
Chief of Office
Chief of Branch
Chief of Station
Chief of Field Office
Chief of Liaison Office
Chief of Administrative Office
Chief of Training Office
Chief of Records Management Office
Chief of Information Systems Office
Chief of Public Affairs Office
Chief of Community Relations Office
Chief of Intergovernmental Affairs Office
Chief of International Affairs Office
Chief of Security Office
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Chief of Dance Journalism Office

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 4/10/90

SEP
CLASS
SRC'D TO
SER
REG

: DIRECTOR, FBI
 (ATTN: SUPERVISOR [redacted] FCU, WCC SECTION)
 (ATTN: CONGRESSIONAL AFFAIRS OFFICE, ROOM 7240)

b6
b7C

3 FROM SAC, LOS ANGELES (29D-LA-102009) (P) (SARA)

4 SUBJECT: DESERT GEM;
 5 MAJOR CASE 24;
 6 BF&E;
 7 OO: LOS ANGELES/PHOENIX

[redacted]
 7 CENTRUST SAVINGS BANK;
 8 ET AL;
 9 FBW;
 10 MF;
 11 OO: MIAMI [redacted]

12 Re Los Angeles airtel to the Bureau, 10/13/89; Miami
 13 teletype to the Bureau, 4/2/90; Los Angeles teletype to the
 14 Bureau, 4/2/90; and conference between Los Angeles, Miami, and
 15 Phoenix on 4/11/90.

13 REQUEST OF FBIHQ:

14 The Bureau is requested to monitor the hearings on the
 15 failure of CENTRUST SAVINGS BANK on 3/26/90, and the placement of
 16 "junk bonds" by DREXEL BURNHAM LAMBERT to various financial
 17 institutions, on 5/2 and 5/3/90, occurring before the House

- 18 ④ - Bureau
 19 4 - Miami
 20 (2 - 29D-NEW)
 21 (2 - 196A-MM-50288)
 2 - Phoenix (29D-LA-102009)
 2 - Los Angeles

RE: lkh
(12)

196-10200-3

ORIGINAL FILED IN 29-109851-48

b6
b7C

Approved: [Signature]

Transmitted _____ (Number) _____ (Time)

Per [Signature]

[redacted]

Committee on Banking, Finance, and Urban Affairs, chaired by Representative HENRY B. GONZALEZ; and obtain opening statements and exhibits by each witness and the hearing records. It is requested copies be sent to Phoenix and Los Angeles. Miami has requested copies of the DREXEL BURNHAM LAMBERT hearings.

For information, captioned investigation involves the failure and subsequent takeover of LINCOLN SAVINGS AND LOAN ASSOCIATION (LS), Irvine, California. LS was, at the time of the takeover, the third largest savings and loan association in the State of California with approximately \$5.6 billion in assets. LS was a subsidiary of AMERICAN CONTINENTAL CORPORATION (ACC), Phoenix, Arizona, a publicly traded corporation, with majority owner CHARLES H. KEATING, JR. acting as Chairman of the Board. KEATING's immediate family of five children and their spouses are also ACC shareholders and employees of ACC and LS at above market salaries. KEATING, himself, is from a wealthy, prominent family in Cincinnati with ties to national political figures.

Three referrals have been received by the FBI in Los Angeles and Phoenix, alleging various criminal acts perpetrated by a consortium of LS and ACC employees numbering between 30 to 40 individuals. Los Angeles and Phoenix agents have met and agreed upon a course of investigation in which both offices will be primarily responsible for different aspects with assistance from the other.

This is the largest savings and loan failure in the history of the United States. The FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) and OFFICE OF THRIFT SUPERVISION (OTS) estimates the cost of the takeover to the US will be between \$2 billion and \$2.5 billion. The House Banking Subcommittee held hearings during October through December, 1989, into the Federal Home Loan Bank Board's regulation of LS.

Miami matter of DAVID L. PAUL involves the failure and subsequent government takeover of CENTRUST SAVINGS BANK. The Miami investigation focuses on three (3) allegations of insider dealings by PAUL and other officers and directors of CENTRUST SAVINGS BANKS, details of which were provided to the Bureau in referenced Miami teletype.

One aspect noted a "daisy chain" placement of junk bonds by MICHAEL MILKEN, DREXEL BURNHAM AND LAMBERT, to various financial institutions around the country including CENTRUST and LS. In addition, the Desert Gem Investigation has obtained evidence that PAUL and KEATING bought and sold the same PLAYTEX stock between the two institutions. DREXEL BURNHAM LAMBERT established the trading price for each transaction and may have orchestrated the entire scheme. The timing of the transactions, between December, 1986 and April, 1987, gives the appearance the transactions were developed with inside knowledge of anticipated price increases.

LA 29D-LA-102009

The House Banking Committee has scheduled hearings for 3/26/90, focusing on the failure of CENTRUST SAVINGS BANK, and on 5/2 and 5/3/90, focusing on the DREXEL BURNHAM LAMBERT placing of "junk bonds" with various financial institutions around the country.

RECEIVED
TELETYPE

2 APR 90 22 55 RK

Mr. Tolson	
Mr. DeLoach	
Mr. Mohr	
Mr. Bishop	
Mr. Casper	
Mr. Callahan	
Mr. Conrad	
Mr. Felt	
Mr. Gale	
Mr. Rosen	
Mr. Sullivan	
Mr. Tavel	
Mr. Trotter	
Tele. Room	
Miss Holmes	
Miss Gandy	

Wagner

SSP

CLASSIFIED BY MKI 01218

SERIALIZED BY RBH/FEB FBILA FBIPX

DE FBIMM #0011 0922113

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R 022102Z APR 90

FM FBI MIAMI (196A-MM-50288) (P) (WCC-2, LCT)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES (29D-LA-102009) (SARA 3)/ROUTINE/

FBI PHOENIX (29D-LA-102009)/ROUTINE/

BT

UNCLAS

CITE: //3460//

SUBJECT: DAVID L. PAUL, CEO OF CENTRUST SAVINGS BANK; SANDRA R. PAUL; GHAITH PHARAON, CEO OF INTER-REDEC; EDWARD DAVIES; PETER MOSER; DREXEL BURNHAM LAMBERT; MICHAEL R. MILKEN; CHARLES H. KEATING, JR., CEO OF LINCOLN SAVINGS AND LOAN OF IRVINE, CALIFORNIA; FBW; MF; OO: MIAMI.

RE LOS ANGELES TELETYPE TO DIRECTOR AND OTHERS MARCH 21, 1990.

196-10200-4

MIAMI IS CONTINUING WITH THE INVESTIGATION OF DAVID L. PAUL,

Handwritten notes:
The Miami office is
currently working on
this.

Handwritten notes:
JH

b2 b1

Handwritten signatures:
A. Meacham
S. [unclear]

PAGE TWO DE FBIMM 0011 UNCLAS

CEO OF CENTRUST SAVINGS BANK, AND OTHERS. USA, SDF, WISHES TO PURSUE AND PROSECUTE CRIMINAL VIOLATIONS REGARDING SUBJECTS AFFILIATED WITH CENTRUST SAVINGS BANK.

IN AN EFFORT TO COORDINATE AND FOCUS THE INVESTIGATION BETWEEN MIAMI, LOS ANGELES, AND PHOENIX, TWO MIAMI SPECIAL AGENTS PLAN TO TRAVEL TO LOS ANGELES ON APRIL 11, 1990 TO ATTEND SCHEDULED BI-MONTHLY MEETING REGARDING CENTRUST SAVINGS BANK, AMERICAN CONTINENTAL CORPORATION, AND LINCOLN SAVINGS AND LOAN OF IRVINE, CALIFORNIA.

BT

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DE FBIMM #0031 0931926

ZNR UJJJU

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FM FBI MIAMI (29D MM-49831) (196A MM-50288) (WCC-1) (P)

TO DIRECTOR FBI/ROUTINE/

BT

UNCLAS

SECTION ONE OF TWO SECTIONS

CITE: //3460//

PASS: FOR WHITE COLLAR CRIME SECTION, SSA GREGORY MEACHAM.

SUBJECT: DAVID L. PAUL, FORMER PRESIDENT AND CHAIRMAN OF THE

BOARD, CENTRUST BANK, MIAMI, FLORIDA, BF&E, OO: MIAMI

DAVID L. PAUL, CEO OF CENTRUST BANK; SANDRA R. PAUL; GAITH

PHARADN, CEO OF INTER-REDEC; EDWARD DAVIES; PETER MOSER; DREXEL

BURNHAM LAMBERT; MICHAEL MILKEN; CHARLES KEATING, JR., CEO OF

LINCOLN FEDERAL SAVINGS AND LOAN, IRVINE, CALIFORNIA; FBW; MF; OO

MIAMI.

196-10200-5

RE MIAMI TELCALL TO SSA MEACHAM, MARCH 27, 1990.

[Handwritten initials]

41-9609611-68
ORIGINAL FILED IN

PAGE TWO DE FBIMM 0031 UNCLAS

MIAMI REQUESTS CODE WORD "SINTRUST" BE ASSIGNED TO CAPTIONED INVESTIGATION FOR ADMINISTRATIVE PURPOSES AND ALSO THAT THE BUREAU ASSIGN A MAJOR CASE (MC) NUMBER TO THIS MATTER.

RTC HAS ADVISED THE LOSSES AT CENTRUST MAY EXCEED \$2 BILLION AND THAT THE OPERATION OF CENTRUST PRIOR TO RTC TAKING CONTROL ON FEBRUARY 2, 1990, WAS THAT OF A PRIVATE INVESTMENT, BANKING OR TRADING OPERATION, RATHER THAN A TRADITIONAL SAVINGS AND LOAN.

DAVID L. PAUL ACQUIRED CENTRUST IN NOVEMBER, 1983, AND AT THAT TIME THE TOTAL ASSETS OF THE INSTITUTION WERE \$1.9 BILLION DOLLARS. BY 1988, THROUGH BROKERED DEPOSITS AND SUBSTANTIAL INVESTMENTS IN JUNK BONDS, PAUL HAD TURNED THE INSTITUTION INTO THE LARGEST THRIFT INSTITUTION IN THE SOUTHEAST WITH ASSETS OF \$10 BILLION DOLLARS.

PAUL LIVED A LAVISH AND FLAMBOYANT LIFESTYLE, USING CENTRUST AS HIS PERSONAL EXPENSE ACCOUNT. FROM 1984 TO 1989, PAUL'S COMPENSATION FROM CENTRUST, INCLUDING SALARY, BONUSES AND DIVIDENDS TOTALED OVER \$16 MILLION DOLLARS. PAUL ALSO RECEIVED \$6.1 MILLION IN MORTGAGES TO PURCHASE, IMPROVE AND RENOVATE THREE ADJOINING PROPERTIES LOCATED IN LA GORCE ISLAND, MIAMI BEACH, FLORIDA. ANOTHER \$400,000 WAS PAID BY CENTRUST FOR VARIOUS SECURITY SERVICES MAINTAINED AT PAUL'S RESIDENCE. OTHER

PAGE THREE OF FBIMM 0031 UNCLAS

EXTRAVAGANCIAS ENJOYED BY PAUL AT CENTRUST'S EXPENSE INCLUDE: (1) \$29 MILLION FOR A COLLECTION OF OLD MASTERS PAINTINGS, INCLUDING A \$13.2 MILLION RUBENS, WHICH PAUL PLACED ON DISPLAY AT HIS PERSONAL RESIDENCE, (2) \$7 MILLION FOR A 95-FOOT CUSTOM MADE YACHT CALLED "GRAND CRU", (3) \$1.4 MILLION A YEAR TO LEASE A CORPORATE JET, (4) \$260,000 FOR TWO BOARD MEETINGS/RETREATS IN 1988 AND 1989, (5) \$232,500 FOR THE "BOJACIOUS" CORPORATE SAILBOAT, (6) \$122,000 FOR PAUL'S FAMOUS "FRENCH CHEFS" PARTY, (7) \$107,000 FOR SACCARAT CRYSTAL AND FRENCH LINENS FOR THE EXECUTIVE DINING ROOM, AND (8) \$104,000 IN LIMOUSINE EXPENSES.

TO DATE, OTS HAS MADE 10 CRIMINAL REFERRALS TO THE MIAMI OFFICE REGARDING CENTRUST AND THESE REFERRALS FALL INTO FOUR CATEGORIES: (1) ALLEGATIONS CONCERNING PAUL'S MISUSE AND DIVERSION OF CORPORATE ASSETS FOR HIS OWN PERSONAL BENEFIT; (2) CENTRUST RECORD KEEPING PRACTICES, WHICH WERE INTENDED TO DECEIVE THE REGULATORS BY OVERSTATING CAPITAL AND DISCOUNTING LIABILITIES AND LOSSES; (3) PUBLIC CORRUPTION TYPE OFFENSES PERTAINING TO PAUL'S IMPROPER POLITICAL FINANCIAL TRANSACTIONS; AND (4) APPARENT VIOLATIONS OF A SERIES OF SECURITIES LAWS. THESE ALLEGATIONS INCLUDE INVOLVEMENT IN THE SO-CALLED "DAISY CHAIN"

PAGE FOUR DE FBIMM 0031 UNCLAS

SALES OF S&L JUNK BONDS SPEARHEADED BY MICHAEL MILLIKEN AND DREXEL, BURNHAM, LAMBERT SECURITIES IN COLLUSION WITH AS MANY AS A DOZEN MAJOR SAVINGS AND LOANS ACROSS THE UNITED STATES; THE ILLEGAL "PARKING" OF STOCKS BY DAVID PAUL VIA CENTRUST AND THE RESULTING MANIPULATION OF PROFITS; AND ALLEGATIONS OF INSIDER INFORMATION TRADING BY CENTRUST EXECUTIVES.

MIAMI IS IN THE PROCESS OF PREPARING A DETAILED PROPOSAL OUTLINING WHAT WILL BE NEEDED IN THE WAY OF EQUIPMENT AND OFFICE SPACE TO EFFECTIVELY AND EFFICIENTLY BRING THIS COMPLEX MATTER TO A SUCCESSFUL RESOLUTION. MIAMI ANTICIPATES ASKING FOR FUNDING OF APPROXIMATELY \$2,500.00 A MONTH WHICH WOULD INCLUDE RENTAL CARS, OFFICE SPACE AT THE CENTRUST TOWER, TELEPHONE EXPENSES AND OFFICE FURNITURE AND EQUIPMENT. MIAMI ANTICIPATES MAKING THIS SUBMISSION TO FBIHQ WITHIN THE NEXT 14 DAYS.

MIAMI WOULD REQUEST THE ASSIGNMENT OF SIX FULLY-QUALIFIED SAAS WITH EXPERIENCE IN INVESTIGATING BANKING VIOLATIONS AS A PERMANENT INCREASE IN MIAMI DIVISION'S TSL. MIAMI CURRENTLY HAS THREE EXPERIENCED SAAS ASSIGNED TO THIS MATTER, (70 PERCENT 50 PERCENT, AND LESS THAN 25 PERCENT RESPECTIVELY WITHIN ONE NON-ACCOUNTANT ALSO 50 PERCENT.) MIAMI HAS ALREADY TAPPED WCC-2, THE FBW AND FAG SQUAD, FOR MANPOWER TO STAFF THIS

PAGE FIVE DE FBIMM 0031 UNCLAS

INVESTIGATION. ADDITIONALLY, NONE OF THESE FOUR AGENTS CAN DEVOTE FULL TIME TO THIS INVESTIGATION DUE TO OTHER PRIORITY INVESTIGATIONS THAT ARE IN ADVANCED STAGES OF FGJ.

IT IS NOTED THAT MIAMI CURRENTLY HAS THIRTEEN AGENTS ASSIGNED TO THE BANK FRAUD SQUAD (WCC-1), COMPRISED OF SEVEN EXPERIENCED GS-13 ACCOUNTANTS WITH EXTENSIVE BANK FRAUD EXPERIENCE, (TWO CPA'S); ONE GS-13 NON-ACCOUNTANT; TWO GS-11 ACCOUNTANTS (ONE CPA); ONE GS-11 NON-ACCOUNTANT WITH SUBSTANTIAL FINANCIAL CRIMES EXPERIENCE; AND TWO GS-10 NON-ACCOUNTANTS WITH LIMITED FINANCIAL CRIMES EXPERIENCE.

MIAMI CURRENTLY HAS 12 FAILED FINANCIAL INSTITUTIONS UNDER INVESTIGATION OTHER THAN CENTRUST, REPRESENTING A THREE FOLD INCREASE JUST SINCE JANUARY, 1989. IN ADDITION, MIAMI HAS ONE MAJOR LAUNDERING CASE, WHICH IS BEING WORKED IN A MULTI-AGENCY TASK FORCE THAT IS ANTICIPATING A FIRST OF ITS KIND RICO INDICTMENT OF THE BANK'S FORMER MANAGEMENT, BOARD OF DIRECTORS AND OWNERS. MIAMI HAS THREE FAILED INSTITUTION INVESTIGATIONS IN UNADDRESSED WORK WITH ONE MAJOR MONEY LAUNDERING CASE, UNADDRESSED, AS WELL. ADDITIONALLY, FEDERAL REGULATORY AGENCY LIAISON INDICATES EXAMINERS ARE PUTTING THE FINAL TOUCHES ON ONE

PAGE SIX DE FBIMM 0031 UNCLAS

CRIMINAL REFERRAL RELATED TO A HALF A BILLION DOLLAR ASSET SAVINGS BANK AND ANTICIPATE THAT EXAMINATIONS RECENTLY CONCLUDED OR CURRENTLY BEING CONDUCTED WILL PRODUCE TWO ADDITIONAL REFERRALS ON TWO INSTITUTIONS WITH MORE THAN ONE BILLION IN ASSETS RESPECTIVELY THAT ARE EITHER TECHNICALLY INSOLVENT OR ABOUT TO BE SEIZED.

MIAMI ALSO HAS A NUMBER OF NON-FAILURE MAJOR IMPACT BANK FRAUD AND FINANCIAL CRIMES THAT AS OF 3/31/90, NUMBERED NEAR 100. THESE INCLUDE AT LEAST A DOZEN OR MORE MAJOR IMPACT FINANCIAL CRIMES WITH LOSSES RANGING FROM THE TENS OF MILLIONS TO THE HUNDREDS OF MILLIONS AT OR NEAR THE INDICTMENT STAGE. CHIEF AMONG THEM IS THE GENERAL DEVELOPMENT CORPORATION (GDC) CASE (MM 298-5957) WHICH RECENTLY ACHIEVED A PRECEDENCE SETTING COMPREHENSIVE PLEA AGREEMENT THAT WILL SEE ITS TWO TOP EXECUTIVES PLEAD GUILTY TO CONSPIRACY TO DEFRAUD THOUSANDS OF HOMEOWNERS, AS WELL, THE CORPORATION PLEADING GUILTY TO THE SAME CONSPIRACY AND AGREEING TO REPAY MORE THAN \$100 MILLION TO AS MANY AS TEN THOUSAND VICTIM HOMEBUYERS. THIS CASE, WHICH HAS UTILIZED TWO AGENTS FULL TIME OVER A TWO AND ONE-HALF YEAR SPAN APPEARS TO BE
BT

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FM FBI MIAMI (29D MM-49681) (196A MM-50288) (WCC-1) (P)

TO DIRECTOR FBI/ROUTINE/

BT

UNCLAS

SECTION TWO OF TWO SECTIONS

CITE: //3460//

PASS: FOR WHITE COLLAR CRIME SECTION, SSA GREGORY MEACHAM.

SUBJECT: DAVID L. PAUL, FORMER PRESIDENT AND CHAIRMAN OF THE BOARD, CENTRUST BANK, MIAMI, FLORIDA, BF&E, OO: MIAMI
DAVID L. PAUL, CEO OF CENTRUST BANK; SANDRA R. PAUL; GAITH PHARAON, CEO OF INTER-REDEC; EDWARD DAVIES; PETER MOSER; DREXEL BURNHAM LAMBERT; MICHAEL MILKEN; CHARLES KEATING, JR., CEO OF LINCOLN FEDERAL SAVINGS AND LOAN, IRVINE, CALIFORNIA; FBW; MF; OO MIAMI.

TEXT CONTINUES:

PAGE TWO OF FBIMM 0032 UNCLAS

CONCLUDED; HOWEVER, THE PLEA AGREEMENT COULD BE ABRUGATED BY THE USDC FOR THE SOUTHERN DISTRICT OF FLORIDA (SDF) SHOULD CURRENT STUDIES DIRECTED BY THE COURT DETERMINE THE RESTITUTION AGREEMENT AND/OR THE PLEAS ARE UNACCEPTABLE TO THE COURT BECAUSE THEY DO NOT ADEQUATELY ADDRESS THE GRAVAMEN OF THIS CRIME. THIS CONTINGENCY COULD GREATLY IMPACT MIAMI'S MANPOWER COMMITMENTS, BOTH IN THE IMMEDIATE AND LONG TERM FUTURE, SHOULD MIAMI BE COMPELLED TO PREPARE FOR A LENGTHY AND COSTLY TRIAL. MIAMI HAS ALSO EXAMINED THE ALTERNATIVE OF SIMPLY SHELVING EXISTING INVESTIGATIONS TO DIVERT MANPOWER TO THE CENTRUST CASE, BUT HAS DETERMINED THAT A SUBSTANTIAL NUMBER OF THESE CASES ARE AT SUCH ADVANCED STAGES IN FEDERAL GRAND JURY (FGJ) HEARINGS THAT THIS TACT IS NOT ADVISABLE. A SURVEY OF THESE CASES REVEALS MORE THAN ONE THIRD OF THE PCI FINANCIAL CRIMES CASES WILL BE INDICTED WITHIN THE NEXT 30 TO 90 DAYS, AN ADDITIONAL TWENTY CASES ARE IN ADVANCED STAGES OF FGJ AND NEARLY TEN ARE SLATED FOR TRIAL IN THE SAME TIME FRAME WITH AN ADDITIONAL TEN IN PLEA NEGOTIATIONS. ADDITIONALLY, UNADDRESSED WORK, (NON BANK FAILURE) PCI INVESTIGATIONS ARE NEARING TWO DOZEN AND SHOW NO SIGNS OF EITHER DECREASING OR SLOWING THEIR RECENT GROWTH IN NUMBERS. DUE TO THE VOLUME OF HIGH-QUALITY FINANCIAL CRIMES VIOLATIONS IN MIAMI, IT

PAGE THREE DE FBIMM 0032 UNCLAS

IS NOT FEASIBLE TO ASSIGN ADDITIONAL INVESTIGATIVE RESOURCES TO THIS CASE.

ADDITIONALLY, MIAMI REQUESTS ONE DATA LOADER, TWO INVESTIGATIVE FINANCIAL ANALYSTS AND SECRETARIAL/TYPIST POSITION BE ASSIGNED TO SUPPORT THIS OFF-SITE TASK FORCE. (RELATED EQUIPMENT REQUESTS, I.E. COMPUTERS, CALCULATORS, ETC., WILL BE MADE A PART OF THE BUDGET PROPOSAL.)

THIS MATTER WILL CONSIST OF A VERY COMPLEX INVESTIGATION WHICH WILL REQUIRE AN EXTENSIVE NUMBER OF INTERVIEWS AND THE EXAMINATION OF VOLUMINOUS DOCUMENTARY EVIDENCE. THE FOLLOWING LIST REPRESENTS A PARTIAL LISTING OF INVESTIGATION WHICH WILL HAVE TO BE UNDERTAKEN:

1. REVIEW OF SUBPOENAED CENTRUST RECORDS. TO DATE, APPROXIMATELY 20 SUBPOENAS HAVE BEEN SERVED FOR RECORDS AT CENTRUST AND THIS HAS RESULTED IN THE PRODUCTION OF APPROXIMATELY 160 BOXES AND IT IS ANTICIPATED AN ADDITIONAL 1,200 BOXES OF RECORDS WILL BE PRODUCED. IT SHOULD BE NOTED THE BOARD OF DIRECTORS AT CENTRUST IN FEBRUARY, 1989, HIRED THE ACCOUNTING FIRM OF PRICE WATERHOUSE (PW) TO CONDUCT A REVIEW OF CENTRUST RECORDS TO IDENTIFY DIVERSION OF CENTRUST ASSETS FOR PAUL'S

PAGE FOUR DE FBIMM 0032 UNCLAS

PERSONAL BENEFIT. PW'S REVIEW TOOK APPROXIMATELY 600 MAN DAYS TO REVIEW APPROXIMATELY 10 PERCENT OF THE RECORDS WHICH IDENTIFIED APPROXIMATELY \$90,000 OF MISAPPLIED ASSETS BY PAUL.

2. REVIEW OF DOCUMENTS FROM VENDORS WHO PROVIDED GOODS OR SERVICES TO PAUL AT HIS RESIDENCE TO IDENTIFY IF PAYMENT WAS MADE FROM CENTRUST FUNDS. THIS PHASE OF THE INVESTIGATION WILL REQUIRE THE REVIEW OF RECORDS OF A MINIMUM OF 50 COMPANIES.

3. ANALYSIS OF PAUL'S PERSONAL ACCOUNTS. PAUL HAD 27 DIFFERENT ACCOUNTS AT CENTRUST ALONE AND IT IS ESTIMATED THE RECORDS FOR THESE ACCOUNTS WILL BE VOLUMINOUS AND WILL TAKE MONTHS TO REVIEW AND SCHEDULE.

4. INTERVIEWS OF CENTRUST EMPLOYEES, VENDORS, ASSOCIATES, CENTRUST BOARD MEMBERS, AND PAUL'S PERSONAL EMPLOYEES.

5. ANALYSIS OF CENTRUST'S JUNK BOND TRADING WITH MICHAEL MILLIKEN OF DREXEL, BURNHAM AND LAMBERT, WHICH RELATED TO CHARLES KEATING OF LINCOLN SAVINGS.

6. IDENTIFY ADDITIONAL SUBJECTS AT CENTRUST .

MIAMI IS ACUTELY AWARE OF BOTH PUBLIC AND CONGRESSIONAL SCRUTINY THAT HAS ALREADY BEGUN IN THIS CASE. THE CURRENT TASK FORCE COMPRISED OF FOUR PART TIME FBI AGENTS, TWO STATE COMPTROLLER PERSONNEL, INCLUDING A CRIMINAL INVESTIGATOR AND A

PAGE FIVE DE FBIMM 0032 UNCLAS

BANK EXAMINER, AND ONE IRS CRIMINAL INVESTIGATOR PART-TIME WILL REQUIRE AN ESTIMATED TWO YEARS OR MORE TO COMPLETE THE MULTIPLE FACETS OF THIS INVESTIGATION. THE ADDITIONAL RESOURCES ARE ESSENTIAL TO COMPLETING THIS INVESTIGATION IN A TIMELY MANNER AND WILL INSURE THAT EACH ALLEGATION CAN BE INVESTIGATED EFFECTIVELY AND THOROUGHLY.

BT

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TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

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

Date 5/9/90

SSP

CLASS SRC'D SER REC

TO: DIRECTOR FBI
 ATT: SSA GREGORY MEACHAM,
 WHITE-COLLAR CRIME SECTION

FROM: SAC, MIAMI (196A-MM-50288) (29D-MM-49881) (P) (WCC-2)

DAVID L. PAUL,
 FORMER PRESIDENT AND
 CHAIRMAN OF THE BOARD,
 CENTRUST BANK,
 MIAMI, FLORIDA,
 BF&E

OO:MIAMI
 29D-MM-49881

DAVID L. PAUL,
 FORMER CEO OF CENTRUST BANK;
 SANDRA R. PAUL;
 WILLIAM CHRISTOPHER BERRY;
 GHAITH PHARON,
 CEO OF INTER-REDEC;
 EDWARD DAVIES;
 PETER MOSER;
 MICHAEL R. MILKEN,
 OF DREXEL BURNHAM LAMBERT;
 CHARLES H. KEATING, JR.,
 FORMER CEO OF LINCOLN SAVINGS AND LOAN
 OF IRVING, CALIFORNIA

FBW; MF
 OO:MIAMI

- 4 - Bureau
- 2 - WCC Section, Division 6
 (2 - Office of Congressional Affairs, Room 7240)
- 2 - Baltimore (Enc. 1)
- 2 - Los Angeles (29D-LA-102009) (Enc. 1)
- 2 - New York (Enc. 13)
- 4 - Miami (2 - 196A-MM-50288) (2 - 29D-MM-49881)

LCT:SL
 (14)

*Miami contacted
 FBIHQ dated 5/15/90
 to request in this case*

196-1000-6

ORIGINAL FILED IN

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

OM

SR

196A-MM-50288

29D-MM-49881

Re Miami teletype to Bureau 3/14/90, Los Angeles teletype to Bureau 4/2/90, and conference between Miami, Los Angeles, and Phoenix on 4/11/90.

REQUEST OF FBIHQ

On 5/2 and 5/3/90, the House Committee on Banking, Finance and Urban Affairs, chaired by Representative HENRY B. GONZALEZ, conducted hearings concerning the CENTRUST matter and other related savings and loan failures. Miami has previously requested copies of the DREXEL BURNHAM LAMBERT hearings, and now also requests copies of statements and opening remarks which relate to CENTRUST BANK and/or its former Chairman, DAVID L. PAUL, DREXEL BURNHAM LAMBERT, and/or MICHAEL R. MILKEN, and/or LINCOLN SAVINGS AND LOAN and/or CHARLES H. KEATING, JR.

Enclosed are 16 subpoenas drafted jointly by AUSA ALLAN SULLIVAN, Southern District of Florida; CHARLES HARPER, SECURITY AND EXCHANGE COMMISSION, Miami; and SA LINDA C. THOMPSON, Miami Division, FBI. It is important these subpoenas be served as soon as possible to allow captioned investigations to proceed in a timely fashion.

CENTRUST, a Miami-based savings and loan institution with 71 branches, was the largest savings and loan institution in the Southeast, and the 23rd largest thrift in the nation. DAVID L. PAUL, CENTRUST President and Chief Executive Officer has left the institution with over \$2,000,000,000 worth of liabilities. The OFFICE OF THRIFT SUPERVISION (OTS) estimates the failure of CENTRUST could be the largest savings and loan failure in American history.

CENTRUST'S failure has received a great deal of publicity through the press, United States Congressional Hearings, and television coverage.

A portion of this case focuses on MICHAEL R. MILKEN, formerly of DREXEL BURNHAM LAMBERT, the heralded junk-bond king who recently pled guilty to insider trading and other stock fraud manipulation. He will be sentenced in October after agreeing to pay a \$600,000,000 fine. This penalty is the largest in United States History. MILKEN continues to be a subject of the Miami Division and there exists evidence he orchestrated the junk bond trade and other fraudulent stock manipulations that resulted in this monumental collapse of CENTRUST SAVINGS BANK and other savings and loan institutions across the Nation.

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Miami has consulted with the Los Angeles and Phoenix Divisions regarding the interdependence of the Los Angeles and Phoenix investigations and this Miami Task Force investigation.

LEADS

NEW YORK

AT NEW YORK, NEW YORK

At earliest possible date, New York is requested to serve the following subpoenas:

1. CITIBANK, N.A., CITICORP CENTER, 153 East 53 Street, New York 10043.
2. BANQUE PARIBAS, PARIBAS CORPORATION, EQUITABLE TOWER, 787 7th Avenue, 31st Floor, New York 10019.
3. MARINE MIDLAND BANK, Corporate Trust Administration, 250 Park Avenue, New York 10177.
4. I.V.J. SCHROEDER BANK AND TRUST COMPANY, Corporate Trust Administration, 1 State Street, 11th Floor, New York 10004, Attention: JOHN D. EDDY, Account Administrator.
5. PRUDENTIAL GLOBAL FUNDING, PRUDENTIAL-BACHE SECURITIES, INC., 1 Seaport Plaza, 32nd Floor, New York 10292.
6. DREXEL BURNHAM LAMBERT, INC., 60 Broad Street, New York 10004.
7. SALOMON BROTHERS, INC., 1 New York Plaza, New York 10004.
8. BEAR STEARNS AND COMPANY, INC., 245 Park Avenue, New York 10167.
9. DEAN WITTER REYNOLDS, INC., 2 World Trade Center, 68th Floor, New York 10048, Attention: W. OBERMEYER.

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10. THE FIRST BOSTON CORPORATION, Park Avenue Plaza,
New York 10055.

11. MERRILL, LYNCH, PIERCE, FENNER, AND SMITH, INC.,
World Financial Center, North Tower, 22nd Floor, New York 10281,
Attention: CHRISTINE TWEFAL.

12. KIDDER, PEABODY, AND COMPANY, INC., 10 Hanover
Square, New York 10005.

13. EUROPEAN AMERICAN BANK, 10 Hanover Square, New York
10005.

UPON SERVICE, TELEPHONICALLY ADVISE MIAMI DIVISION
(305-787-6465, SA LINDA C. THOMPSON) OF THE NAME AND TELEPHONE
NUMBER OF THE INDIVIDUAL SERVED OR WHO WILL BE PRODUCING THE
RECORDS.

LOS ANGELES

Los Angeles is requested to serve the enclosed
subpoenas as soon as possible:

DREXEL BURNHAM LAMBERT, INC., 9560 Wilshire Boulevard,
4th Floor, Beverly Hills, California 90212.

UPON SERVICE, TELEPHONICALLY ADVISE MIAMI DIVISION
(305-787-6465, SA LINDA C. THOMPSON) OF THE NAME AND TELEPHONE
NUMBER OF THE INDIVIDUAL SERVED OR WHO WILL BE PRODUCING THE
RECORDS.

BALTIMORE

AT BALTIMORE, MARYLAND

Baltimore is requested to serve the following subpoena
as soon as possible:

WILMINGTON TRUST COMPANY, Rodney Square North,
Wilmington, Delaware 10890.

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29D-MM-49881

UPON SERVICE, TELEPHONICALLY ADVISE MIAMI DIVISION
(305-787-6465), SA LINDA C. THOMPSON) OF THE NAME AND TELEPHONE
NUMBER OF THE INDIVIDUAL SERVED OR WHO WILL BE PRODUCING THE
RECORDS.

MIAMI

AT MIAMI, FLORIDA

Serve the attached subpoena to PRUDENTIAL BACHE
SECURITIES, 4800 North Federal Highway, Suite 100A, Boca Raton,
Florida 33431, Attention: LARRY SQUARINI.

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FM FBI MIAMI (196A-MM-50288) (W-2) (P)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3460//

SUBJECT: DAVID L. PAUL, CEO OF CENTRUST BANK; SANDRA R.

PAUL; GAITH PHARAON, CEO OF INTER-REDEC; EDWARD DAVIES;

PETER MOSER; DREXEL BURNHAM LAMBERT; MICHAEL R. MILKEN;

CHARLES H. KEATING, JR., CEO OF LINCOLN SAVINGS AND LOAN OF

IRVINE, CALIFORNIA; FBW; MF; 00:MM.

THE PURPOSE OF THIS TELETYPE IS TO ADVISE FBIHQ OF AN INVESTIGATION INITIATED ON 3/14/90 REGARDING ABOVE CAPTIONED SUBJECTS AND ALLEGATIONS THAT THEY FRAUDULENTLY MANIPULATED STOCKS, BONDS AND OTHER SECURITIES. SPECIFIC ALLEGATIONS OF SECURITIES FRAUD HAVE BEEN PRESENTED TO THE MIAMI OFFICE OF

196-1000-07

W. Fack...

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THE FBI IN THE FORM OF REFERRALS FROM THE FEDERAL HOME LOAN BANK BOARD. THE FIRST ALLEGATION CONCERNS DAVID L. PAUL, CHIEF EXECUTIVE OFFICE (CEO) OF CENTRUST BANK AND DEBENTURES, UNDERWRITTEN BY DREXEL BURNHAM LAMBERT. THESE DEBENTURES, ISSUED DURING 5/88, CONSISTED OF \$150 MILLION DOLLARS WORTH OF SUBORDINATED DEBENTURES. CENTRUST WAS NOT ABLE TO SELL THE ENTIRE 150 MILLION ISSUE, THEREFORE, PAUL AGREED WITH ~~BANK OF CREDIT AND COMMERCE (BCCI)~~ THAT BCCI WOULD PURCHASE \$25 MILLION OF THE ISSUE WITH A VERBAL AGREEMENT THAT CENTRUST WOULD RE-PURCHASE THE DEBT AT PAR. THE PURCHASE WAS MADE AT OR ABOUT THE SAME TIME IT WAS ISSUED BY CENTRUST. DURING THIS TIME, GAITH PHARAON, WHO OWNS 28 PERCENT OF CENTRUST STOCK, WAS ALSO A MAJOR SHAREHOLDER IN INTER-REDEC, THE BROKER HANDLING THE PURCHASE FROM BCCI. WHEN THE \$25 MILLION ISSUES WERE PARKED WITH BCCI, THE REMAINING DEBENTURES WERE SOLD TO INVESTORS WHO WERE MISLED AS TO THEIR VALUE BY THIS FRAUDULENT SCHEME.

SUBSEQUENTLY, ON 7/27/88, CENTRUST RE-PURCHASED THE \$25 MILLION OF SUBORDINATED DEBENTURES FROM BCCI AT 100 PERCENT PAR VALUE.

IT IS BELIEVED THIS TRANSACTION WAS INTENDED TO MISLEAD

PAGE THREE DE FBIMM 0016 UNCLAS

INVESTORS INTO BELIEIVING THE SECURITIES HAD A GREATER VALUE THAN THEY ACTUALLY HELD AND TO FRAUDULENTLY DEMONSTRATE CENTRUST'S ABILITY TO SELL THE \$150 MILLION ISSUE.

THEREFORE, THE INVESTORS PURCHASED THE \$125 MILLION ISSUES OF SUBORDINATED DEBENTURES BASED ON THIS FRAUDULENT SCHEME ORCHESTRATED BY DAVID L. PAUL, CENTRUST BANK, DREXEL BURNHAM LAMBERT, MICHAEL MILKEN, GAITH PHARAON, BCCI AND INTERREDEC.

THE SECOND ALLEGATION CONCERNS "INSIDER TRADING" CONDUCTED BY DAVID L. PAUL, EDWARD DAVIES AND PETER MOSER. DURING 4/86, CENTRUST PURCHASED INTEGRATED RESOURCES AT 10.75 PERCENT SUBORDINATED DEBT WITH A FACE VALUE OF \$39 MILLION, AT PRICE OF 99.243 PERCENT. CENTRUST PURCHASED THESE BONDS AT ISSUANCE AND ITS HOLDINGS REPRESENT 13 PERCENT OF THE ENTIRE \$299 MILLION ISSUES. THE BONDS WERE UNDERWRITTEN BY DREXEL BURNHAM LAMBERT, INC., AND ARE ACTIVELY TRADED ON THE NYSE.

DURING MID-1989, INTERGRATED RESOURCES DEFAULTED ON INTEREST PAYMENTS ON CERTAIN OF ITS DEBT ISSUES, AND THUS A CREDITOR STEERING COMMITTEE WAS FORMED TO OVERSEE THE

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RESTRUCTURE OF INTERGRATED RESOURCES DEBT. DAVID L. PAUL BECAME A MEMBER OF THIS STEERING COMMITTEE DURING 8/89 AND THEN CENTRUST WAS PRECLUDING FROM TRANSACTING ANY TRADES OF INTEGRATED RESOURCES DUE TO THIS "INSIDER" POSITION.

ON 10/25 - 26/89, CENTRUST SUPPLEMENTAL RETIREMENT PLAN (SERP) PURCHASED A TOTAL OF \$3 MILLION FACE VALUE OF INTEGRATED RESOURCES BONDS IN THREE SEPARATE TRANSACTIONS AT A WEIGHTED AVERAGE COST OF 3.25 PERCENT, OR \$101,250 INCLUDING COMMISSIONS. WHILE SERP IS MANAGED BY DINAM FINANCE AND MANAGEMENT CO., LTD. IN ENGLAND AND THE PURCHASES ARE TRANSACTED THERE, THIS COMPANY HAD THE SAME "INSIDE" KNOWLEDGE AS CENTRUST BECAUSE FIRST, THE MANAGEMENT COMPANY IS CONTROLLED BY EDWARD DAVIES, A CENTRUST DIRECTOR, AND THUS AWARE OF CENTRUST'S OWNERSHIP ON INTEGRATED RESOURCES AND ITS "INSIDER" POSITION, AND SECOND, EDWARD DAVIES IS ONE OF THREE TRUSTEES FOR THE SERP, THE OTHER TWO BEING DAVID L. PAUL AND PETER MOSER.

IT APPEARS SERP PURCHASED THE \$3 MILLION IN INTEGRATED RESOURCES DEBT AT THE DEEPLY DISCOUNTED PRICE OF 3.25 PERCENT, BELIEVING THAT IN TIME, IT WOULD REACH A MUCH HIGHER VALUE, WITH ANY INCREASE IN PRICE FROM 3.25 PERCENT A

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GREAT BENEFIT TO THE SERP BENEIFICARIES, EVEN AS CENTRUST BANK WAS INCURRING LOSSES OF APPROXIMATELY \$37 - 38 MILLION ON INTEGRATED RESOURCES DEBT.

THIRD, JUNK BOND TRADING BETWEEN DAVID L. PAUL OF CENTRUST, CHARLES H. KEATING, JR., OF LINCOLN SAVINGS AND AMERICAN CONTINENTAL HOLDING COMPANY OF LINCOLN SAVINGS, YIELDED HUGE PROFITS WHILE MICHAEL MILKEN OF DREXEL BURNHAM LAMBERT ORCHESTRATED THE SCHEME. THIS DAISY CHAIN LIKE SCHEME DEVELOPED DURING 12/86 WHEN DREXEL BURNHAM LAMBERT, UNDERWRITER OF A PLAXTEX JUNK BOND ISSUE, SOLD RESTRICTED SHARES OF PLAYTEX STOCK, NOT TRADED PUBLICALLY, TO LINCOLN SAVINGS. THIS DEAL WAS FOR 2.1 MILLION SHARES AT 20 CENT PER SHARE, FOR A TOTAL TRANSACTION OF \$420,000 DEAL. DURING 4/87, LINCOLN SAVINGS SOLD THE PLAYTEX SHARES TO AMERICAN CONTINENTAL, ITS' CORPORATE PARENT. DREXEL BURNHAM LAMBERT AGAIN SET THE PRICE FOR A TOTAL DEAL OF 2.1 MILLION SHARES AT \$1.00 PER SHARE, WITH A TOTAL OF \$2.1 MILLION AND A PROFIT TO LINCOLN OF \$1.68 MILLION. DURING 12/89, AMERICAN CONTINENTAL SOLD 1.5 MILLION SHARES OF PLAYTEX TO CENTRUST. DREXEL BURNHAM LAMBERT SET THE PRICE. THE DEAL WAS FOR 1.5

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MILLION SHARES AT \$6.94 A SHARE, A \$10.4 MILLION DEAL WITH A PROFIT TO AMERICAN CONTINENTAL OF \$8.9 MILLION. DURING 6/88, CENTRUST SOLD THE 1.5 MILLION SHARES OF PLAYTEX BACK TO AMERICAN CONTINENTAL, WITH DREXEL BURNHAM LAMBERT SETTING THE PRICE. THE DEAL WAS FOR 1.5 MILLION SHARES AT \$10.60 PER SHARE, WITH A PROFIT TO CENTRUST OF \$5.5 MILLION. IT APPEARS THIS SCHEME, ORCHESTRATED BY DREXEL BURNHAM LAMBERT, WITH THE FULL PARTICIPATION OF DAVID L. PAUL AND OTHERS, CONSTITUTES A MULTI-MILLION DOLLAR FRAUD SCHEME. THE SHAREHOLDERS OF CENTRUST WERE DEFRAUDED OF MILLIONS OF DOLLARS IN FUNDS, AND ULTIMATELY, THE AMERICAN TAX PAYERS ARE CHEATED BY SUBJECTS.

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4/1/9

8/25/90

Esposito 9-11-90 25-17

Recorded Copy Filed In

SUBJECT: DAVID L. PAUL, FORMER CEO OF CENTRUST BANK; SANDRA R. PAUL; WILLIAM CHRISTOPHER BERRY; GHAITH PHARAON, CEO OF INTERPEDEC; EDWARD DAVIES; PETER MOSER; MICHAEL R. MILKEN, FORMERLY OF DREXEL BURNHAM LAMBERT; CHARLES H. KEATING, FORMER CEO OF LINCOLN SAVINGS AND LOAN OF IRVINE, CALIFORNIA; FBW; MF; OO: MIAMI; 196A-MM-50288

DAVID L. PAUL, FORMER PRESIDENT AND CHAIRMAN OF THE BOARD, CENTRUST BANK, MIAMI, FLORIDA; BF&E; OO: MIAMI; 29D-MM-49881.

THE PURPOSE OF THIS TELETYPE IS TO INFORM THE BUREAU OF THE CONSOLIDATION OF CAPTIONED INVESTIGATIONS.

196-10200-8
 [Signature]

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CASE NUMBER 196A-MM-50288 FOCUSED ON ALLEGED MAIL FRAUD,
WIRE FRAUD AND SECURITIES FRAUD BY DAVID L. PAUL, GHAITH PHARAON,
MICHAEL R. MILKEN AND OTHERS. SIMULTANEOUSLY, CASE NUMBER 29D-MM
49881 FOCUSED ON THE MISAPPLICATION OF FUNDS AND PERSONAL
BENEFITS SUBJECT PAUL MAY HAVE DERIVED FROM CENTRUST BANK. ON
AUGUST 23, 1990, 196A-MM-50288 WAS CONSOLIDATED INTO THE 29D-MM-
49881.

BT

#0015

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