

1 A I did.

2 We had several conversations, Senator McCain and
3 myself, about this, and many other items; sometimes they
4 would be mixed up.

5 And on the 19th, I talked to him about coming to
6 his office, or him coming to my office, and discussing what
7 we would do regarding Mr. Keating's request to assist
8 American Continental.

9 And I went to his office late in the afternoon on
10 the 19th of March.

11 Q And who was there, Senator DeConcini?

12 A His staff person, Ms. VanPaasschen, and my staff
13 person, Ms. Sedlmayr, were there.

14 Q Would you describe that conversation for the
15 Committee?

16 A Yes.

17 We sat around and talked about how awful it was,
18 the economy in Arizona and the banks were having problems,
19 in particular, Lincoln Savings and American Continental.

20 And then we discussed what we could do about it.

21 I told him that I'd talk to Riegle, and I
22 suggested that perhaps we should have a meeting.

23 He thought that was a good idea.

24 Q And what did you suggest to Senator McCain should
25 be done, at this meeting with Mr. Gray?

1 I take it, that's what you're talking about.

2 A Yes.

3 Well, we talked about the problems. We didn't go
4 into the specifics as to what we would go over, except the
5 length, and the appraisals that were being used were the
6 only specifics I remember that we actually talked on. But
7 we didn't go over the whole matter.

8 But we knew it, both of us, I felt we did.

9 Q Did Senator McCain object in any way to
10 presenting Lincoln's position to Mr. Gray?

11 A No. Quite the contrary, he thought it was
12 probably a good idea.

13 He had a reservation, and I remember very well,
14 because he was very frank about it, that he did not have
15 great confidence in Mr. Gray.

16 He had heard from republicans that he was a bit
17 untrustworthy, and he told me that he was going to touch
18 base with a friend of his who was a republican fundraiser,
19 and I believe her name was Reynolds, but I'm not positive of
20 that, and talk to her about Mr. Gray. But he had that
21 reservation, I know.

22 Q Did you suggest, at that meeting, going down to
23 Mr. Gray's office to meet with him?

24 A Well, I very well may have because I do that a
25 lot. I go to the agency's office. That's common practice

1 with me, volunteer to go down there. Usually they say; no,
2 no, we'll come up here.

3 I have gone down to Secretaries' office;
4 Secretary of the Air Force, Secretary of Defense, Secretary
5 of Labor. But usually they want to come up here.

6 And so I very well may have suggested it, and I
7 suspect I did.

8 Q Generally speaking, why do you often suggest that
9 you'll come down off the Hill to meet with --

10 A I want to demonstrate to the officials that I'm
11 talking to that I'm not sitting in some ivory tower up here
12 because I'm a United States Senator, that they have to come
13 up here all the time.

14 And it's been advantageous for my representation
15 of Arizonans to demonstrate that I'm willing to go to them.

16 And when you go to them, I get a pretty good
17 response, I must say, and sometimes I feel I get a better
18 response when you're in their own environment. They feel
19 more comfortable. They have the resources there and what-
20 have-you.

21 And that's why I do it. And I still do it to
22 this day.

23 Q At this meeting with Senator McCain, did you
24 suggest going to San Francisco to meet with the San
25 Francisco-regulators?

1 A I did not.

2 And there was no reason that I would because we
3 were talking about meeting with the head of the Bank, and
4 not with regulators at that time.

5 The idea of meeting with regulators occurred
6 later, when Mr. Gray suggested it.

7 Q At this meeting, did you and Senator McCain agree
8 that you would meet with Mr. Gray?

9 A We did.

10 Q Did you agree with Senator McCain as to what
11 would be said at this meeting?

12 A We had no specific agreement.

13 Obviously, we were going to talk about the
14 appraisals, the Direct Investment Rule, and the length of
15 the audit, but we had no agreement as to what would be said.

16 Q At any time, did you agree with Senator McCain as
17 to what would be discussed?

18 A No. He and I never had any discussion as to what
19 would be said, or would not be said at the meeting, as has
20 been the case in other meetings that I've had where Senator
21 McCain and I have met with Secretaries or Government
22 officials. We don't sit down, first, and decide what you're
23 going to ask or not ask.

24 Q Senator DeConcini, just so we'll have a nice,
25 clear record, let me finish my question before you answer.

- 1 A I'm sorry.
- 2 Q I realize I speak slowly some times.
- 3 A And I speak too quickly, probably.
- 4 Q Did you have any agreement with any other Senator
5 as to what would be discussed at what came to be the April
6 2nd meeting?
- 7 A I did not.
- 8 Q Senator DeConcini, I would like to have the young
9 lady behind you show you Special Counsel Exhibit No. 69.
10 (Handing document to witness.)
- 11 A Yes, I have it before me, Mr. Hamilton.
- 12 Q Would you describe that memorandum to the
13 Committee, please?
- 14 A This is a memorandum. It says, "confidential,"
15 dated March 19, 1987, to myself from Laurie Sedlmayr
16 regarding American Continental.
17 It sets out the following items of what American
18 Continental wants from Gray for concessions, and what
19 American Continental is willing to do.
- 20 Q I take it that this memorandum -- and by the way,
21 it's dated March 19, 1987, is that correct?
- 22 A It is.
- 23 Q I take it that this memorandum basically
24 summarized Mr. Keating's position?
- 25 A It did. Exactly the material that had been left