

1 would serve the same purpose to show that some
2 evidence was being ignored so that the one-sided
3 case could be presented. He said that he was not
4 using my letter to hurt McCain, and in fact he
5 did not think the letter would hurt him. I said
6 that I would be glad to help."

7 Q Did you call Mr. Stevens with any intent to hurt
8 Senator McCain?

9 A I did not.

10 Q Now does this memorandum that you just read part
11 of, Special Counsel Exhibit No. 604, accurately reflect the
12 conversation as you recall it?

13 A It does.

14 Q Now just so we can be very clear about this, in
15 your opinion did Senator McCain regarding his flights on ACC
16 aircraft, his vacations with Mr. Keating, or his
17 intervention with the regulators. do anything that was
18 unlawful or unethical, in your opinion?

19 A In my judgment, he did not.

20 And I have expressed that on a number of
21 occasions both privately and publicly not only to Senator
22 McCain but to the public.

23 Q Thank you very much, Senator.

24 Now I would like to turn to another subject.

25 In 1985, did you begin to hear numerous

1 complaints about Ed Gray, the Chairman of the Federal Home
2 Loan Bank Board?

3 A I did.

4 Q From whom did you hear these complaints, Senator
5 DeConcini?

6 A The savings and loan industry was very concerned
7 with Mr. Gray. The first complaint I had about Mr. Gray
8 came from a long-time friend of mine who was President of
9 Bowry Savings in New York, and he had had some very poor
10 experience with Mr. Gray in 1983, and he asked me to
11 actually call Mr. Gray, and I did, on some problems they
12 were having, the Bowry Savings, with a bank in Florida.

13 In 1985, there were severe problems in Arizona
14 banking, and the savings and loan industry in Arizona. I
15 had heard from the League of Savings and Loans. Mr. Driggs,
16 the president, the Executive Director Mr. Gordon Murphy, and
17 I had heard from other banks there--Western Savings, which
18 was also owned by the Driggs Family; Ameribank Home Savings,
19 as well as as American Continental on behalf of Lincoln
20 Savings that Mr. Gray was not in their judgment operating in
21 accordance with the intent of the legislation that the
22 Congress had passed to regulate savings and loans.

23 Q So there were a lot of complaints about Mr. Gray,
24 and not just complaints from Mr. Keating?

25 A There were a number of complaints.

1 Q Did you decide to take some action because of
2 these complaints?

3 A I did.

4 Q What did you do, Senator DeConcini?

5 A I wrote a letter to Secretary Baker, at that
6 time the Treasury Secretary, and also to Don Regan at the
7 White House, Mr. Hamilton.

8 Q And you later reported on this to Mr. Keating?

9 A I did. I believe I wrote him a letter, and
10 indicated that I had made those calls.

11 I also had told other members of the savings and
12 loan industry in Arizona that I had made those calls.

13 Q When did you make these calls, Senator?

14 A Those were made in the summer of '85, I believe;
15 July. I'm not sure of the exact date.

16 Q Senator, as you have already testified, the
17 record shows that Mr. Keating raised funds for you in 1985;
18 \$22,000 in July and \$4,000 in August.

19 Is that basically correct?

20 A I believe that's correct.

21 Q Was there any link whatsoever between these
22 contributions and the actions that you took regarding Mr.
23 Gray in 1985?

24 A Absolutely not, because I would not be aware of
25 those contributions.

1 And, secondly, I had a number of complaints about
2 Mr. Gray, and I thought that that needed to be conveyed to
3 the White House.

4 Q Did Mr. Keating ever say anything to you to
5 suggest that there was, in his mind, some linkage between
6 these contributions and this action that you took regarding
7 Mr. Gray?

8 A He never did.

9 Q Thank you.

10 Now, Senator DeConcini, in 1986, did you
11 recommend Lee Henkel for the Federal Home Loan Bank Board?

12 A I did.

13 Q Why did you do that?

14 A Well, quite frankly, I was very interested in
15 seeing stronger people on that Board and a stronger
16 Chairman. That's one of the reasons I called the White
17 House and Secretary of the Treasury, Baker.

18 I called Baker because I knew he was close to the
19 President and might have some influence.

20 And I was interested in strong leadership in
21 people on the Bank Board.

22 I asked my Staff to check with the Arizona
23 Savings and Loan League, and other bankers there, or savings
24 and loan executives there.

25 We had no candidate.