



Edwin J. Gray

Gray Reimbursed Home Loan Banks for Wife's Travels

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WASHINGTON—Federal Home Loan Bank Chairman Edwin J. Gray on Tuesday made public hundreds of pages of his expense and travel records for meetings ranging from Florida to Hawaii, along with a memo saying that the furor over payment of his wife's travel expenses diverts "attention from the very real challenges" faced by the thrift industry. The documents show that Gray has reimbursed regional home loan banks a total of \$11,899.56 for the travel-related expenses of his wife, Monique, who joined him at meetings at Monterey, San Francisco and Laguna Niguel in California, Hilton Head, S.C., Phoenix, Puerto Rico and Hawaii.

In cover letters dated Dec. 1, Gray said he was paying the money "on my own volition" and noted that the banks had "never" requested reimbursement for his wife's expenses. The expenses of Federal Home Loan Bank Board members and staff are typically paid, at least partly, by the 12 regional Federal Home Loan Banks in the districts in which they are incurred. "My travel involves hard work and very long

Please see GRAY, Page 4

GRAY: Board Reimbursed

Continued from Page 1

hours," Gray said in a memo dated Nov. 26 and released Tuesday among a pile of documents that filled two boxes.

"I have spent countless hours on such trips, as you well know, dealing with . . . [Federal Home Loan Bank] system matters, on the telephone, at a typewriter [I write my own speeches and virtually all the congressional testimony I am asked to submit], as well as in meetings with you and your colleagues as well as Bank Board staff," the memo added.

The documents were released in response to Freedom of Information Act requests by The Times and other newspapers. Gray's critics in the industry had charged that he was spending excessively; Gray has insisted that his opponents are angered because they "don't like a tough regulator." "Ed Gray admits he's made mistakes," Peter Morgan, Gray's personal attorney in Washington, said Tuesday. "It doesn't look good when expensive accommodations are provided by the 12 regional banks for bank board members and their spouses, even though provided at bank conferences and events.

Called Tireless

"But it must be understood that the practice Ed Gray followed has existed for more than a decade and was widely known," said Morgan.

Morgan said the expenses were incurred during travel that "has involved long hours and tireless work on behalf of the Federal Home Loan Bank system."

Last month, in anticipation of the release of his travel and entertainment expenses, Gray said his expenditures were made "pursuant to the general counsel's opinion" that board members' expenses can be covered by the district banks when they involve official business.

In addition to the \$11,000 he has paid back to the banks this week, Gray also repaid more than \$13,000 last summer for a private jet he chartered in July, 1983, to get from a business meeting in Indianapolis to Monterey to see his dying father.

In addition to Gray's personal

costs while traveling, the documents provided the first public glimpse of the spending patterns for socializing and doing business in the system of 12 regional home loan banks. They previously refused to release any documents, saying that they were quasi-governmental agencies.

But in October, the 12 district bank board presidents, on advice of attorneys, said they would disclose expense account information concerning Gray and other bank board staff members.

Wide Range of Meetings

The documents covered a wide range of meetings and dinners in various cities. At an Aug. 24 session in San Francisco, for example, the dinner bill for 15 people in the State Room of the Fairmont Hotel was \$1,158.63. The Chateaubriand, which cost \$24.45 a portion, was not as popular as the veal chops, priced at \$24.75. Wine with the meal cost \$300. The after-dinner drinks included Courvoisier cognac at \$6.75 a glass and Grand Marnier at \$5.75.

The tab for cigars at the four-day meeting was \$91.45.

Speculation that Gray, a San Diego resident, would soon resign has been rampant for more than a year, but he has steadfastly insisted that he will serve his full term, which expires in June. Gray is a former senior vice president of Great American First Savings Bank in San Diego and a former aide to President Reagan.

"There is no leadership in Washington to deal with issues," said a director of one financially ailing California S&L.

Most pressing is an industry effort to recapitalize the Federal Savings and Loan Insurance Corp., a drive that Congress voted down in October. The FSLIC's primary reserve now totals \$2.7 billion but is falling rapidly. Gray in the past has predicted that the reserve, which the FSLIC uses to take over failing S&Ls, may sink to \$1 billion by early next year.

Robert A. Rosenblatt reported from Washington and Bill Ritter from San Diego.