

Henkel Resigns FHLBB Post, Criticizes Justice Dept. Probe
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By Kathleen Day
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Lee Henkel resigned from the Federal Home Loan Bank Board yesterday, saying that a Justice Department probe of his business ties is an unwarranted headache that is hurting his family and preventing him from doing his job.

The departure of Henkel, who was awaiting Senate confirmation, comes just five months after he was appointed by President Reagan. It leaves the White House with two spots to fill on the three-member bank board during the most turbulent period in the history of the agency and the industry it regulates.

Since February, Henkel has been

cleared by both the bank board and the Justice Department on conflict-of-interest charges involving an savings and loan institution that has lent more than \$70 million to businesses in which Henkel has a stake.

Henkel, an Atlanta lawyer and real estate developer, said yesterday he expects to be cleared a third time when the latest investigation is concluded. Even so, he said, he is "fed up" with what he considers "unrelenting personal attacks."

Senate Banking Committee Chairman William Proxmire (D-Wis.), who had requested the Justice Department investigation in an effort to block Senate confirmation of Henkel,

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welcomed the resignation. "This saves a lengthy confirmation investigation at a time when the bank board and FSLIC can ill-afford such a divisive contest," he said.

The controversy surrounding Henkel began in December at his first board meeting, when he proposed a change in federal rules that might have benefited Lincoln Savings & Loan of Irvine, Calif., which has lent millions of dollars to businesses tied to Henkel.

The proposed change addressed an argument Lincoln has with the bank board over federal rules governing how much an S&L may invest directly in real estate. Traditionally, S&Ls invest indirectly in real estate by lending money to homeowners or developers who own and bear the risk of the property.

Henkel insists that many S&Ls would have benefited from the ruling, and points out that the U.S. League, the largest S&L lobby

group, supported changes in rules governing direct investment in property. "While I am confident that I will be exonerated yet a third time, I quite frankly am fed up with the whole process and am unwilling to put my family and myself through any more of this," he said yesterday.

"I really wanted to change some things when I came to the bank board, but it's awfully hard when you have to put out brush fires," Henkel said. "When I have to fight all these unfounded charges, I can't perform."

In addition to the vacancy created by Henkel, the White House soon must fill the seat that will open when the four-year term of Bank Board Chairman Edwin Gray expires June 30.

Observers say the leading candidate for Henkel's job is Danny Wall, the legislative aide to Sen. Jake Garn (R-Utah). Philip Winn, former assistant secretary of the Department of Housing and Urban Development, is considered a likely nominee to replace Gray.