

ROGER F. MARTIN
238 E. Juniper Lane
Mequon, Wisconsin 53092

June 21, 1989

Letters to the Editor
THE WALL STREET JOURNAL
200 Liberty Street
New York, NY 10281

Dear Sirs:

On June 13, the Journal ran an editorial entitled "Senatorial Shills". The Editorial appears to ascribe unethical or inappropriate motives to the actions of five U.S. Senators in their contacts with the Federal Home Loan Bank Board concerning Lincoln Savings and Loan Association of Irvine, California. The editorial takes the Senators to task for intervening with the Bank Board on behalf of Lincoln.

I was not a member of the Board in March, 1987. Nor was I present when the Senators met with then Chairman of the Board, Edwin Gray. Thus, I cannot comment directly on the substance or propriety of that specific meeting. As a businessman, citizen and former regulator, however, I would like to comment on the generic question of contacts by elected officials and on the specific contacts I received concerning Lincoln Savings in 1989.

As a general proposition, I believe that it is not improper for elected representatives to inquire into the conduct of individual regulatory matters. Independent regulatory bodies, such as the Bank Board, hold enormous power over the businesses they regulate. Where such power exists, the risk that it will be abused exists also. In our system of government, Congress is expected to -- indeed, must -- oversee the activities of regulators to guard against abuse.

When a member of Congress is approached by a constituent with an allegation that a federal regulatory agency is abusing its authority, I would expect that member to inquire into the situation.

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With regard to Lincoln Savings, your editorial implies that something unethical was done by Senators Alan Cranston and Dennis DeConcini in contacting Bank Board members regarding a potential sale of Lincoln in April, 1989. As a Board Member at that time, I feel it necessary to explain what really transpired.

I received phone calls from the Senators and they simply requested that we, the members of the Bank Board, take the time personally to listen to a potential acquirer of Lincoln. There was nothing improper concerning that request and nothing more was requested of me. Simply stated, because of the serious real estate decline in Arizona, where most of Lincoln's real estate holdings are located, a sale of Lincoln, as opposed to a liquidation of its assets, would have been the best solution for all concerned. Certainly, the FSLIC and the Arizona economy would have benefitted greatly by the sale of Lincoln to a viable purchaser. That Senators Cranston and DeConcini recognized this basic fact is to their credit. Labeling these honorable men as "shills" for urging consideration of a transaction that might have saved the taxpayers a great deal of money and aided the slumping Arizona economy is simply not fair.

Sincerely,

Roger F. Martin

RFM/jeg

bcc: The Hon. Dennis DeConcini
The Hon. Alan Cranston