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February 17, 1989

CONFIDENTIAL

TO: Senator DeConcini
 FROM: Laurie Sedlmayr *LS*
 RE: Telephone Call to Wall

 The following information will be useful for your conversation with Danny Wall.

1. Lincoln Savings is important to Arizona.
 - End of 1987 Lincoln employed 1,300 people in Arizona
 - Lincoln's direct investment in Arizona land and properties was \$763 million at the end of 1987.
 - The Arizona economy has had a rough few years and Lincoln's demise would only worsen that.
2. Keating is trying to sell Lincoln but is running into brick walls at the FHLBB.
 - I don't know the details, and don't want to get involved with them, but it seems to benefit everyone best if Lincoln is sold, sooner rather than later.
 - The first proposed buyer has been nixed by the Board.
 - A buyer already approved by the Board, through the Southwest Plan, (Jim Falls) is a very interested buyer.
 - It appears that some low level staff at the Board would prefer to simply let Lincoln wither away rather than take affirmative action.
3. I am asking you to intervene directly.
 - I know that you have plenty of problems right now, but I urge you to personally take a quick look at this case and see if it couldn't be resolved quickly.

M. Danny Wall, Chairman
 Federal Home Loan Bank Board
 377-6290

 DDC Exhibit 36

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