

# Savings and loan wars heat up

by Jeffrey Steinberg

New York Governor Mario Cuomo took the opportunity of his son's marriage in early June to former Attorney General Robert Kennedy's daughter Kerry, to proclaim that the S&L crisis is the issue that can sweep the Democratic Party back into the White House in 1992. Putting himself out front as the party's flagbearer, Cuomo announced that he would be personally preparing a candidate's handbook for insurgent Democrats going into battle against the GOP this November.

Cuomo was quoted in a recent column by *Washington Post* writer Mary McGrory: "Some poor guy steals a pair of shoes and is put away for a couple of years. We have put a record number of young minority males in jail. And what are we doing about these bums who robbed us blind?"

Of course Cuomo's efforts at this late date to turn the S&L crisis into a partisan issue ring a bit hollow. Without the Democratic majority in the Congress to ram through the deregulation of the banking industry, much of the devastation would have been averted or at least contained. And former Democratic National Committee Chairman Robert Strauss has been identified as one of the behind-the-scenes figures deeply involved in some of the dirtiest thrift machinations in Texas.

There is enough of a ring of truth to Cuomo's demagoguery that people might be willing to overlook the Democratic Party leadership's duplicity and take up the S&L banner as Cuomo proposes. So long as the Bush administration "deals with" the thrift crisis by simply throwing taxpayers' money at the problem while invoking the "magic of the marketplace," Cuomo's populist rhetoric will likely find an audience.

## Bush allies implicated

Take, for example, the continuing revelations that close allies of President Bush—including his own son Neil and a relative of his CIA crony Ray Cline—are up to their eyeballs in organized crime and disorganized spook manipulations of the banking community. *Houston Post* investigative reporter Pete Brewton has written a half-dozen articles since the beginning of the year charging that at least 25 thrifts, including several in Texas, went down the tubes as the result of interference by organized crime and by the CIA—often in collusion.

When the chairman of a House Banking subcommittee tried to subpoena CIA director William Webster to appear at hearings to answer the charges contained in the Brewton stories, Webster simply refused to show up.

Brewton recently appeared as a guest on the Phil Donahue

TV show and urged the audience to bring buckets of tar and bags of feathers to Capitol Hill if they hope to get to the bottom of the scandal. He received wild applause.

In his latest piece, published June 10, Brewton hit what might be the rawest nerve for Bush—the involvement of one of his oldest CIA cronies in a Washington, D.C. banking venture that was used to launder tax-exempt funds to the Contras for the purchase of such decidedly non-tax-exempt items as guns, ammunition, and explosives.

According to Brewton, former CIA deputy director Ray Cline was involved at least indirectly in the founding of a Washington bank called Palmer National Bank in the early 1980s. One of the key figures in the banking venture, his then son-in-law Stefan Halper left a post at the Reagan State Department to assume the bank's presidency. The other founding figure in the venture, Harvey D. McLean Jr., was a Shreveport, Louisiana real estate developer who later moved to Dallas, Texas but kept his hometown ties through convicted mob figure Herman Beebe. It was money passed from Beebe to McLean that got Palmer National off the ground.

Beebe has been linked to the collapse of a half-dozen Texas thrifts, as well as to the fall of Silverado Savings and Loan, the Denver-based S&L which counted Neil Bush among its directors. In Dallas, McLean himself became a figure in a number of thrifts that went under. A Lawrenceville Academy and Harvard graduate, McLean is known back in Shreveport as "Beebe's boy all the way." Said local U.S. prosecutor Joe Cage, who twice successfully prosecuted Beebe on fraud charges, "They've been tight for a long time."

According to Brewton, McLean and Halper met while the latter was policy director for George Bush's 1980 failed presidential campaign, and McLean was a fundraiser for it. The "bank in Washington" scheme was hatched when the pair traveled to the Far East in 1981 for the State Department.

By then Halper had already been implicated in the so-called Debatagate scandal, in which Reagan-Bush staffers got their hands on Jimmy Carter's briefing book before one of the presidential debates. Halper was working directly under Robert Gambino, former director of the CIA's Office of Security and one of the Bush campaign workers who shifted over to the Reagan-Bush team after the GOP convention. Gambino and Ray Cline were two of the agency "old boys" who made up the core of the Bush campaign organization in 1980.

In February 1985, Palmer National became the bank of choice for the National Endowment for the Preservation of Liberty, the Carl Channell-run tax-exempt foundation that was illegally used as a pass-through for funds used to arm the Nicaraguan Contras. Channell pleaded guilty to violating federal tax laws in the first of the Irangate prosecutions by Lawrence Walsh. Palmer regularly wired NEPL funds to the Oliver North-Richard Secord "Enterprise" account in Zurich, Switzerland.