

## AFFIDAVIT

I, MARY ELLEN TAYLOR, being duly sworn, do depose and state as follows:

1. I am employed at The Evans Group, Ltd. My office address is 1010 Wisconsin Avenue, N.W. Suite 800, Washington, D.C., 20007. In 1983 and 1984, I was Director of Congressional Relations for the Federal Home Loan Bank Board ("FHLBB") under Chairman Edwin Gray. I then left the FHLBB to accompany my husband to England. On October 1, 1986, I returned to work at the FHLBB as an Assistant to Chairman Gray. I left the FHLBB in August 1987, a short time after M. Danny Wall became FHLBB Chairman.

2. Chairman Gray attended a meeting on Capitol Hill on April 2, 1987 at which a group of Senators wanted to discuss Lincoln Savings & Loan Association ("Lincoln"). To the best of my recollection, at some point prior to the meeting, Chairman Gray told me that Senator Donald Riegle had asked him to come to Capitol Hill for a meeting. I do not recall whether Chairman Gray told me that the meeting would concern Lincoln, but he did inform me that he was not to bring any staff to the meeting. It was almost unheard of for Chairman Gray to meet with Members of Congress without aides being present. To my

recollection the only time Gray met alone with a member of Congress was with former House Banking Committee Chairman Fernand St. Germain.

3. I was present when Chairman Gray returned to his office on the evening of April 2, 1987 after meeting with the Senators to discuss Lincoln. He was angered and surprised by what he had heard at the meeting. According to Chairman Gray, the Senators wanted the Direct Investment Rule to be withdrawn on behalf of Lincoln. He said something to the effect, "They want us to withdraw our regulation and they will push Charlie Keating to make more home loans." Chairman Gray felt it was irresponsible for the Senators to suggest that he withdraw the regulation limiting direct investments, a move which he felt would leave the Federal Savings and Loan Insurance Corporation ("FSLIC") fund extremely vulnerable.

4. I do not believe that the actions of any of the five Senators under investigation affected the FSLIC recapitalization bill. In fact, Senator Riegle was particularly helpful to the FHLBB at the time of consideration of the FSLIC recapitalization bill.

5. With regard to the April 9, 1987 meeting between the FHLBB-San Francisco regulators and the Senators concerning Lincoln, I understand that Chairman Gray told William Black to take as complete notes as possible of the meeting. I spoke with Mr. Black immediately following the meeting and with Mr. Cirona several days later. Based upon my conversations with them, I cannot recall finding any differences between Mr. Black's notes, which I read soon after the April 9 meeting, and what I learned from Mr. Black and Mr. Cirona about what was said at the meeting.

6. Chairman Gray's term was scheduled to end in June 1987. The FHLBB could not act on the Lincoln case at that time because of expired authorities with respect to state-chartered institutions. Also, FHLBB Member Larry White did not want to make any decision

regarding Lincoln or other major issues until a new FHLBB  
chairman took office.

*Mary Ellen Taylor*  
Mary Ellen Taylor

Subscribed and sworn before me this 24<sup>th</sup> day of  
October, 1990.

*Joyann P. Coffey*  
Notary Public

My Commission expires  
on \_\_\_\_\_.

My Commission Expires October 31, 1991

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