

1 That is, the issues that confront this committee
2 with respect to the principles that ought to guide the
3 conduct of Senators, and that in fact guided you in your
4 conduct in connection with Lincoln Savings & Loan.

5 There are essentially two elements that we have
6 seen running through the testimony of the last seven weeks:

7 One, the solicitation-making of contributions,
8 political contributions;

9 Second, the relationship--if there is in fact
10 any--between those contributions and requests for assistance
11 in dealing with the Federal Home Loan Bank Board.

12 It is on those two threads that I want to
13 concentrate for a few minutes this afternoon.

14 - Going first to the issue of contributions, would
15 you tell the committee what standards or policies you apply
16 both as to yourself and as to your staff and your office
17 with respect to the solicitation or acceptance of
18 contributions insofar as they may be linked in any fashion
19 to requests for assistance on substantive matters?

20 A Well, there can really be no linkage, Mr. Ruff,
21 as I see it.

22 I have never accepted any contribution with the
23 idea that it was going to result in an official act of some
24 kind, nor have I ever taken any official action because
25 money was given or money was not given in a campaign.

1 In other words, there is no linkage whatsoever.

2 Q And do you have any policy or standard that you
3 and your staff follow with respect to even the discussion of
4 substantive matters and contributions' activity by
5 particular individuals?

6 A Yes. We have a rule that if we are talking
7 substantive matters, or people are in the office on an
8 issue, that we will not get into any discussion of
- 9 contributions, potential contributions, at all.

10 Q Now if we look at the other side of this issue--
11 that is, what you do when someone does in fact seek your
12 assistance in dealing, in this case, with a regulatory
13 agency.

14 I take it, first, that you do view it as a
15 regular and ordinary part of your role as a Senator to
16 assist individuals and individual companies in dealing with
17 regulatory agencies?

18 A Yes, I do, indeed.

19 I think is part of a Senator's duties. I think
20 we are looked at as representing those people.

21 They look at us as a link between them and big
22 government, and I think we have a responsibility to
23 represent those people.

24 Now that does not mean that we represent
25 everybody that writes in and asks us for some kind of help.

1 We have established standards in my office by which we judge
2 which of these we will take up, which ones have merit, and
3 so on, and how we separate those out is a matter of standard
4 policy in the office.

5 Q And when someone does seek assistance from you or
6 your office in dealing with a regulatory agency, do you
7 become involved personally on occasion?

8 A Sometimes; sometimes not.

9 Most of these cases, and by far the greatest
10 number of them, would be handled by staff on a rather
11 routine basis of inquiry or whatever.

12 If the occasion arises where my help is
13 necessary, I certainly do not hesitate to get involved on a
14 personal basis.

15 Q And do you limit, or does your staff limit their
16 offers of assistance in these matters to people who are
17 constituents of yours?

18 A No, not constituents. Nor do we do these things
19 on either a political contribution basis or a political
20 party basis.

21 We established that a long time ago that that is
22 not something that we inquire into.

23 We take these cases on the merit.

24 Q So there are occasions in which you would assist
25 someone who was not necessarily a voting constituent of

1 yours in Ohio?

2 A Certainly. By far the greatest number of cases I
3 have come from the State of Ohio, obviously.

4 But if there is some case where it appears
5 someone is being dealt with unfairly and it comes to me from
6 another state, I would not hesitate to pick that up and try
7 to do something about it.

8 We are "United States" Senators, after all.

9 Q Or I take it even if somebody were not a citizen
10 or a voting member of the Ohio constituency?

11 A Well let me give you a little example on that
12 particular one.

13 Back several years ago we had a family of
14 Vietnamese refugees in Ohio. Four children had come to
15 Ohio.

16 The mother and father were still up in one of the
17 camps in Thailand and they were trying to get to this
18 country.

19 We had a family reunification policy. We took
20 that on.

21 We had to work a long time. We wound up going
22 over and talking to Ed Meese one day about it.

23 I had an appointment with him. These were not
24 only--they were not voters yet, and they were not
25 contributors, and yet I felt that was right that we

1 represent those people, and we did.

2 And we finally were successful in uniting that
3 family.

4 That is just one little example.

5 Q Now as part of your policies and standards that
6 guided your office in dealing with regulatory agencies, did
7 you have any policy or practice as to whether you would
8 attend meetings with other Senators or other
9 Representatives, for that matter?

10 A I have attended many, many meetings where other
11 Senators were in attendance--some here today, as a matter of
12 fact, I am sure in different meetings we have had.

13 This thing of the number of Senators at a meeting
14 has always bothered me how his magical "five" has taken hold
15 across the country.

16 In checking back on my schedule, I believe it was
17 at the first meeting, on my schedule we showed three other
18 Senators being at that meeting.

19 That was a total of four. Was that all right?
20 Had it been three, would that have been better? If I had
21 gone alone, would that be better? /

22 I base my attendance at these meetings, Mr. Ruff,
23 not on how many Senators are going to be there, but whether
24 it is right or wrong, whether the case has merit, whether I
25 feel there is something to be represented or something I can

1 contribute at that meeting.

2 I know it is a little different format, but
3 yesterday afternoon we had 65 or 70 Senators up there at
4 times beating on two Cabinet Secretaries.

5 Now that is a little different situation than we
6 are talking about here with regulators, I know, but I never
7 base my attendance at these meetings on the number of
8 Senators that are going to be there.

9 I just do not think that is the way you should do
10 it. It should be on whether the case that you are
11 representing has merit, and is it right or wrong?

12 If I am to go to a meeting, if I was representing
13 someone that had a very valid case--let us say it involved
14 2000 jobs in Ohio; Senator McCain said 2000 jobs in
15 Arizona--if it were 2000 jobs in Ohio and I was to go to a
16 meeting, and I walked in the door and here were four other
17 Senators, would I be justified in saying I can't attend that
18 with four Senators? We will let those 2000 jobs go down? I
19 have got to go back to my office and call them and tell them
20 I cannot represent you, I am sorry, because there were four
21 other Senators in when I got to the meeting?

22 I think we would be laughed at in a situation
23 like that.

24 So I base my attendance at these meetings not on
25 the number of Senators at the meeting but by whether the

1 case is right or wrong that I am representing.

2 Q Members of the committee and Mr. Bennett have
3 asked whether, though, there is not a problem of appearance,
4 appearance of potential for intimidation for example in four
5 Senators appearing to meet with the head of a regulatory
6 agency.

7 Do you view that as an issue to be taken into
8 consideration in deciding whether or not you will attend a
9 meeting?

10 A I suppose to some people that is an issue. It is
11 not to me.

12 I just do not think that is the way things should
13 be decided. I think it should be decided on the merits of
14 the case and what you are going there to accomplish.

15 Q Now in addition to the issue of whether you will
16 attend meetings with other Senators, do you have a policy or
17 practice, you, yourself, as to whether or not you bring
18 aides to meetings with regulatory agencies or Executive
19 Branch agencies?

20 A I take aides to meetings if I feel there is some
21 need for them, if we are going to be discussing some
22 technical matter or something that the aide would have a
23 particular expertise in dealing with that I might not have
24 on some very technical subject, but I do not make it a
25 practice to take aides along with me to all meetings.

1 Q Now when a request does come in to your office,
2 do you have practices and policies that your staff is
3 required to follow in responding to such a request?

4 A Yes, we do.

5 I insist that it be--and this is our policy, that
6 when the staff gets a request that comes in the mail, or a
7 phone call, or a visit, we try to determine first if it has
8 merit.

9 We insist on that.

10 In other words, is there reason to believe that
11 the complainant has a good chance of being correct? Is the
12 complaint against the government, or the agency, or the
13 request for information correct? Sometimes we can do that
14 by correspondence they can submit to us.

15 Sometimes they can convince you over the
16 telephone of telling about conversations they have had with
17 the government agency, something like that.

18 But if it appears that the complainant does have
19 a meritorious case, or a pretty good chance of having a
20 meritorious case, then we take that up and we represent
21 them, and we open quite a number of cases each week on that
22 basis.

23 Q Assuming that the person making the request gets
24 over this initial hurdle of being able to establish that
25 there is some merit to the complaint or some basis for the

1 request, are there also standards and policies that your
2 staff, and indeed that you follow with respect to what then
3 can be done in connection with the regulatory agency?

4 A Yes. I think with a regulatory agency you must
5 be very circumspect in how you represent the interests that
6 you are representing.

7 I think it is all right to go and ask for any
8 information. I feel I can ask for any information that I
9 want and hope they give it to me.

10 If I am there, however, it would be wrong if I
11 would go and try and say: Set aside a rule.

12 Set aside a regulation just to benefit this
13 particular constituent of mine, or this constituent business
14 from Ohio.

15 I would not do that.

16 But to go and ask for information, that is quite
17 all right.

18 We hope we get prompt action on these things. We
19 want to make sure there is fair action on all of them.

20 It is quite all right, as far as I am concerned,
21 to ask any questions along that line.

22 Q I take it then that you distinguish between fair
23 application of a regulation to all parties concerned and
24 asking that a regulation be applied specially for the
25 benefit of a particular individual or company.

1 Is that correct?

2 A That is correct.

3 Q I want to then take you from those general
4 standards and policies to the events that have been of
5 particular interest to this committee over the past several
6 weeks.

7 First, I would direct your attention to the
8 events of 1984 and 1985.

9 As you will recall, Mr. Bennett discussed in his
10 opening statement, and there has been some testimony about
11 correspondence relating to the direct investment rule in
12 1984 and early 1985.

13 Are you familiar with how that matter was handled
14 in your office?

15 A Yes, it was handled by staff.

16 I am not sure I was even aware of it at the time,
17 but it was handled by staff.

18 My staff, as is our custom and as I just
19 indicated, looks into each case like this.

20 They found an Ohio interest also. Ohio was one
21 of 11 states that had just broadened out their regulations
22 as far as the state regulated S&Ls were concerned.

23 And the letters indicated that Ohio interest as
24 well as concern that the regulations being put in were so
25 sweeping and had such an impact that I felt at that time

1 that, all things considered, this should be held until
2 Congress could have a look into it before these regulations
3 were implemented.

4 That is basically what the letter said.

5 Q There was no question, was there, that the
6 impetus for the staff's consideration of this issue and the
7 writing of the letters for your signature came from Mr.
8 Keating?

9 A No. I think that is correct.

10 But what they did then was look at our Ohio
11 interest, look at the national interest in the savings &
12 loan associations, and so on, and found there was a very
13 broad interest in this, and we went ahead and sent the
14 letter.

15 Q Now we talked a few minutes ago about the
16 standards and policies you apply in dealing with the
17 regulatory agency once the regulation is in place.

18 This was a situation, was it not, in which there
19 was a proposed regulation out for comment?

20 A Well that is correct.

21 And particularly at the end of that year the
22 proposal, the 30-day review period was going to occur over
23 the holiday break for the Congress and go into effect
24 without Congress really having had a chance to have hearings
25 or to have gone into it completely, and that was another

1 reason for sending the letter at that time.

2 Q And you distinguish then between what might be
3 appropriate for a Senator to do with respect to a regulation
4 that is proposed and out for public comment and a regulation
5 that has already been put into force?

6 A Yes, I certainly would.

7 If I had an interest in Ohio, or I knew that in
8 this particular case there was an Ohio and/or a national
9 interest in this same matter from the S&L organizations, I
10 think that is quite all right at that formative stage to say
11 here is the direction I think you should probably go with
12 this regulation to try and give some advice and counsel in
13 that regard.

14 But there is a big difference between that and
15 what happens once the regulation is in place and applies to
16 everybody and it is now the law of the land across the
17 country.

18 You treat it differently, then. I would then ask
19 for information, for prompt action, for fair action,
20 whatever, but not for a change in that particular
21 regulation--unless that change was going to apply to
22 everybody all across the country.

23 Q It has been brought out in your previous
24 testimony and other evidence before the committee that
25 during 1984 and 1985 Mr. Keating and his associates either

1 made contributions or raised funds to retire your
2 presidential debt and for your Senatorial campaign.

3
4 Were you aware at the time--that is, 1984 and
5 early 1985--that these contributions were either being made
6 or raised?

7 A No, I was not, at that time.

8 I didn't know about that until later. Those
9 campaign contributions went to our campaign office, which is
10 separate, and I was not aware of them at that time.

11 I believe it was only in mid-1985 that I became
12 aware of some of those past contributions.

13 Q Was it the summer of 1985 then that you learned
14 that Mr. Keating in fact had been a substantial contributor
15 and fund raiser?

16 A Yes, that's correct.

17 Q Now going to that mid-1985 period, that is the
18 second event that I want you to focus on in terms of how
19 your policies and standards applied to your conduct.

20 There came a time, as we have heard, in July of
21 1985 when you met with Mr. Keating and he ultimately made a
22 contribution ultimately totally \$200,000 to the National
23 Council on Public Policy.

24 First, what is the National Council on Public
25 Policy?

1 A The National Council on Public Policy was a PAC
2 that was formed when I was thinking of running for President
3 to help take care of some of the travel and to help support
4 other people in my travels around the country at that time.

5 Q And in 1985 what in general terms was the current
6 status and activity of that organization?

7 A The status of the PAC was reasonably moribund at
8 that time.

9 It was inactive.

10 Q Did you, or to your knowledge did anyone else,
11 solicit the contribution that ACC made to the National
12 Council on Public Policy?

13 A No, I did not. And to the best of my knowledge,
14 no one else did, either.

15 Q What is your best recollection of how the idea of
16 such a contribution first arose?

17 A Well, it came as a surprise to me.

18 Mr. Keating wanted to have a meeting in my
19 office. I think Mr. Grogan was with him. They came in the
20 office. They indicated that he admired my activities, and
21 so on, and wanted to support me and volunteered to
22 contribute some money.

23 I suggested that Bill White who had been in my
24 office was at that time there, that he and Mr. Grogan talk
25 about how this could be done, and was grateful for the help.

1 Q At that meeting on July of 1985 when Mr. Keating
2 committed to making a contribution, was there any discussion
3 of any substantive matter on Mr. Keating's agenda, whether
4 it be Lincoln or anything else?

5 A No, there was not.

6 Q Just so that the record is clear, was any portion
7 of the \$200,000 that Mr. Keating had ACC ultimately
8 contribution to the National Council on Public Policy used
9 either to retire your presidential debt or in aid of your
10 senatorial campaign?

11 A No. It could not be used that way and was not
12 used that way--could not be legally used that way and was
13 not. It could only be used for non-federal purposes. In
14 other words, in state races or to contribute to state
15 parties or state candidates. It could defer expenses in
16 some of my travel if I wanted to go out in support of a
17 state candidate, but that is the only way it could be used.

18 There was not one cent of that \$200,000 ever came
19 to benefit me personally or my political campaigns
20 personally.

21 Q As Senator Sanford and others have noted, one of
22 the themes that underlies the Common Cause complaint and one
23 of the issues that this committee is addressing is the
24 appearance that there may be a link between the making of a
25 contribution and some request for official action by a

1 United States Senator.

2 In this regard, I want to direct your attention
3 to--and we have already had testimony about this to some
4 extent--to the two incidents in which following the making
5 of this \$200,000 contribution to PAC Mr. Keating sought your
6 assistance first in the spring of 1986 in connection with
7 the Henkel nomination.

8 Do you recall Mr. Keating asking for your
9 assistance in support of Mr. Henkel?

10 A I don't know that it was Mr. Keating directly,
11 but I think there was a staff-to-staff contact that
12 requested that I support Mr. Henkel.

13 They brought that to me. I did not know Mr.
14 Henkel.

15 I did not know anything about him, and to do that
16 just on a request like that I wasn't going to do that, so I
17 declined to do that.

18 I did not support Mr. Henkel.

19 Q Now the second issue of a similar sort is the
20 nomination of Judge Manion to the Court of Appeals.

21 A Yes.

22 Q Do you recall the circumstances surrounding Mr.
23 Keating's seeking your assistance in connection with Judge
24 Manion's nomination?

25 A Yes, I do, because Mr. Keating was very

1 impassioned in that one.

2 He felt very strongly that Judge Manion should
3 get that appointment to the Federal Court of Appeals and
4 made a very strong representation.

5 Mr. Keating had had a long interest in anti-
6 pornography, had formed a national organization to that
7 effect, and he felt that Judge Manion would be much tougher
8 on pornographers than most judges would, so he was
9 supporting Judge Manion.

10 I think he made the rounds of the Hill here and
11 called on many Senate offices--mine being one--and he
12 lobbied very, very hard and very strongly for Judge Manion.
13 But I had looked at Judge Manion's record, did not believe
14 it was that good, and it would not be in the best interests
15 of the country nor Ohio, and I voted against Judge Manion.

16 Q I think the record reflects that both the Henkel
17 and the Manion nominations and Mr. Keating's efforts to seek
18 support for those nominations were in the spring and early
19 summer of 1986, just months after the second of the \$100,000
20 contributions in February of 1986.

21 A That's right.

22 Q Following February of 1986, to your knowledge has
23 Mr. Keating or any of his associates or colleagues ever made
24 any form of contribution either to your senatorial campaign,
25 to retire your presidential debt, or to any other

1 organization to which you are affiliated?

2 A To the best of my knowledge, there have been no
3 contributions to any of those since February of 1986.

4 Q I want then to move to what is the critical
5 series of events here, the meetings of 1987.

6 As I said, I don't want to go into detail, but I
7 think it is important once again to demonstrate how your
8 internal policies and procedures applied to the handling of
9 this matter.

10 Do you know how the initial request that you
11 attend a meeting with Mr. Gray came to the attention of your
12 staff?

13 A Yes. Well the initial request came to my staff
14 from someone on the Keating staff.

15 I don't know for sure who. But it came to the
16 attention of my staff.

17 My staff, following the procedures I outlined a
18 few moments ago, wanted to know was Lincoln still a viable
19 institution? Were they a profitable institution? Were they
20 being harassed? Was there proof of this?

21 In other words, they did not accept this request
22 to go to the meeting and represent these interests unless
23 there was a valid reason for believing that these
24 allegations were true.

25 Q And what steps were taken, as you understand it,

1 to try to answer these questions?

2 A The main thing that happened was they brought in
3 Mr. Atchison.

4 I am sure the committee and everyone is familiar
5 with his testimony.

6 That was probably the strongest testimony I had
7 ever heard against any regulator, and it was later backed up
8 with the letter that everyone is familiar with that
9 basically said the same thing that he had told me personally
10 at the meeting in my office.

11 But those very, very strong allegations of
12 wrongdoing by a senior partner of one of the Big Eight
13 accounting firms was very, very persuasive to me.

14 I believe, I think I am correct in saying that he
15 had based those allegations also on--or his comments were
16 made following a certified audit of Lincoln. I believe it
17 was a certified audit.

18 Now that, for anyone who has been in business,
19 that means something because it means that this was more
20 than just a perfunctory look at that company.

21 So that meant a lot to me.

22 Q There has been some suggestion by witnesses here
23 that you came to the April 2nd and/or the April 9th meeting
24 with your mind made up about the merits of the Lincoln
25 grievance.

1 Were you in fact convinced as to the merits by
2 Mr. Atchison before you went to these April 2nd and 9th
3 meetings?

4 A No, my mind was not made up in going to the
5 meeting. I think that would be far overstating it.

6 To say that I was impressed by Mr. Atchison and
7 his testimony was quite correct, and it was largely through
8 his testimony and to a small extent from Alan Greenspan's
9 comments previously, but mainly through Mr. Atchison that I
10 went to the meeting because I was convinced that this was
11 worth looking into in determining whether this kind of
12 wrongdoing was going on.

13 Q Now as you prepared to go to the April 2nd
14 meeting, what purpose did you have in attending this meeting
15 with Mr. Gray?

16 A Well, what I intended to find out at the meeting,
17 if possible, was very limited.

18 What they wanted to know, or what they had
19 indicated to my staff was they wanted to know how long was
20 this going to continue? This had gone on for over a year.
21 The audit had gone on for over a year at that time.

22 They did not know when the end of it might be in
23 sight.

24 They wanted to know how long it was going to go
25 on, and that is what I went to the meeting to find out if I

1 could.

2 Q Before you attended the April 2nd meeting, did
3 you have any conversations about the substance of the
4 meeting with any of the other Senators who are here with us
5 today?

6 A No, I did not.

7 Q And at the meeting, did you in fact pursue the
8 purpose that you had going in? That is, to inquire about
9 the length of the audit and possible harassment?

10 A I did.

11 Q Now Mr. Gray has stated that he thought you were
12 angry with him.

13 Is that a fair characterization of your reaction
14 to Mr. Gray?

15 A Oh, I think "angry" would be a little harsher
16 word than I would use in this case.

17 "Irritated" would be more like it. He has never
18 seen me angry, if he thought I was really angry, but
19 "irritated" would be a better word.

20 Q And what was it--

21 A I came to the meeting thinking that here was the
22 man who headed the agency.

23 I assumed he was going to prepare himself for the
24 meeting enough to answer basic, elementary questions about
25 the whole relationship.

1 And the meeting, as has already been
2 characterized here by Senator McCain earlier today, was
3 completely nonproductive.

4 There just was not anything substantive that came
5 out of it.

6 So I was rather irritated that--it was like if we
7 had a hearing, which we have many of in this room, if we had
8 a hearing and the witnesses came in before us, and they
9 thought they were coming to speak on a certain subject and
10 be knowledgeable and impart their knowledge on a certain
11 subject, and then they came in and said: We don't know
12 anything about that.

13 We would all feel that we had had our time
14 wasted. That is exactly what happened at that meeting.

15 Mr. Gray was--if he thought I was angry, I would
16 say I was irritated because he did not come prepared to give
17 us the information that I thought he should have been
18 prepared to give.

19 Q It has been testified to on a number of occasions
20 that Mr. Gray proposed during the course of this meeting a
21 second meeting with the regulators who would be able to
22 provide this information.

23 After you left the April 2nd meeting, and as you
24 prepared to attend the April 9th meeting, did you during
25 that period have any conversations with any of the Senators

1 here?

2 A No, not that I recall at all.

3 Q No discussion of what agenda there would be for
4 the second meeting?

5 A No.

6 Q Or how you would conduct yourself?

7 A No.

8 Q Now during the course of the second meeting, we
9 have the transcript which you have already testified is I
10 think an accurate reflection of your role in that meeting?

11 A I think it is. I don't have 100 percent recall
12 of the second meeting, but I know that the general tenor of
13 the meeting is certainly expressed by that memo.

14 And I know that in that--one reason I think it is
15 valid is because even some of the phrasing I use and the way
16 I say things were captured exactly--commas in the right
17 places and the whole thing, exactly the way I would let it
18 roll out at a meeting like that.

19 It may be busted syntax, but it is mine and I
20 recognize it when it occurs.

21 (Laughter)

22 So I think that for that, if for no other reason,
23 I think it is a very accurate record of what happened at
24 that meeting.

25 I don't know whether there was a recording made

1 or not, but it was a very good--if there was not a
2 recording, it was excellent shorthand.

3 Q There came a time in that meeting when Mr.
4 Patriarca announced that they intended to make a criminal
5 referral.

6 A Yes.

7 Q Would you tell the committee, just briefly, what
8 the impact of that announcement was on you personally and
9 the manner in which you conducted yourself thereafter?

10 A The impact on me was very strong because I had
11 not expected that.

12 I didn't think that was going to occur. When he
13 came out with that, I guess I had a couple of reactions.
14 One was that I closed my file on this subject at that point
15 because when things are in litigation or in the process of
16 litigation, we don't get involved with them normally.

17 So that was one.

18 The other was shock that it had gone that far.

19 I was very, very surprised that it had gone that
20 far.

21 Q Did you report to either Mr. Keating or anyone
22 else of his colleagues concerning the results of that
23 meeting?

24 A No, I did not.

25 Q Now you know that Mr. Grogan testified back

1 before Christmas that he recalls waiting in the conference
2 room in your office and having a brief conversation with you
3 that evening when you returned from the April 9th meeting.

4 Do you have any recollection of that event?

5 A No, I don't, nor does my staff in the office. I
6 know Mr. Grogan's testimony on that indicated that his
7 recollection of it was that what I said was, as I view it,
8 of little consequence anyway, I said that the audit was
9 going to end.

10 They'd get notification of that shortly. But I
11 did not say anything to him about the criminal referral that
12 we'd been told about at the meeting.

13 Q In fact, did you tell your staff about the
14 possibility of the criminal referral?

15 A I did not. I think the transcript of that second
16 meeting, the April 9th meeting, indicates that I asked what
17 we could say about this imminent referral to Justice, and
18 they said: Nothing, that it might--words to the effect that
19 it might hurt the case at Justice. And I went back to the
20 office and didn't even tell my staff who worked on this
21 what it was. I just said we had no further connection with
22 it.

23 Q Thereafter did you take, or to your knowledge did
24 your staff take any action on behalf of Lincoln with the
25 Federal Home Loan Bank Board

1 A No. On behalf of Lincoln--there was no further
2 activity on behalf of Lincoln of any kind.

3 Q And did there come a time in the summer of 1987
4 when a representative of Mr. Keating offered to raise funds
5 on your behalf?

6 A Yes. Contact was made with the staff again about
7 their willingness to raise funds, substantial sums of money,
8 and they brought that to me and I said: No, we'll turn that
9 down because there are some matters that they had pending
10 with the Bank Board that had not been resolved yet.

11 Q Now you have stated, Senator Glenn, that you took
12 no further action with respect to Lincoln and its problems
13 with the Federal Home Loan Bank Board?

14 A That's correct.

15 Q You know that there has been some testimony about
16 a luncheon that you arranged for Mr. Keating with then-
17 Speaker Wright.

18 Could you tell the committee what the
19 circumstances were leading up to the arranging of that
20 luncheon?

21 A Yes. And I think it is important that we put
22 this in the proper context.

23 While they had said at the April 9th meeting
24 there was going to be a referral to Justice, there had been
25 no indication of any indictment. There had been no court

1 activity that I knew of. And late that fall my staff was
2 told by Mr. Grogan, I believe, that this matter was being
3 resolved and that they were resolving their matter with the
4 Bank Board.

5 Now there had been some windows left open at that
6 April 9th meeting, as you may recall, in that I believe Mr.
7 Cirona--I think it was Mr. Cirona had indicated that they
8 still hoped to work this out.

9 So I presumed, when I was told that it was being
10 resolved, that that all had worked out and was being taken
11 care of.

12 Q And what was your understanding as to the purpose
13 for this luncheon, this meeting that Mr. Keating wanted to
14 have with Speaker Wright?

15 A To the best of my recollection, Mr. Keating was
16 going to be in town, wanted to have lunch, asked if it would
17 be possible for me to invite Speaker Wright. They didn't
18 know Speaker Wright, wanted to get to know him. I saw no
19 reason not to do this certainly since I thought everything
20 was being resolved, so we set up the luncheon.

21 Q Did you have any reason to believe, as you
22 arranged this luncheon, that there was a substantive matter
23 on the agenda dealing with Lincoln or the Federal Home Loan
24 Bank Board, or any other aspect of the Keating business?

25 A No. This was to be a social luncheon as I

1 understood it, and no one said they would not--I don't think
2 there were any restrictions on it, but it was certainly not
3 a "meeting." It was not a luncheon meeting set up to
4 discuss a particular matter. It was just a social lunch.

5 Q And as you recall the discussion at that
6 luncheon, did it in fact involve any substantive matters
7 involving Lincoln or the Federal Home Loan Bank Board?

8 A The general discussion, to the best of my
9 recollection, was that it wasn't too long. It was a rather
10 short lunch. It was just a social lunch, and that was it--
11 general discussion.

12 Q At the end of the luncheon, what happened?

13 A At the end of the luncheon, I and my staff went
14 back to my office. As I recall it, Mr. Keating and Speaker
15 Wright and Mr. Grogan left out of my office over in the
16 Capitol and went off in the direction of his office.

17 Now when you come out of my office over there it
18 is only about 30 or 40 feet until they would be out of sight
19 going in that direction. So where they went, I don't know.

20 Q And following the luncheon, did you have any
21 discussion with Mr. Keating or Mr. Grogan about their
22 discussion with Speaker Wright, if they had any?

23 A No, I did not.

24 Q Or did you have any discussion with Speaker
25 Wright thereafter about his dealings with Mr. Keating?

1 A I did not.

2 Q Now I just want to ask then two final questions,
3 Senator Glenn.

4 First, you have told us what the principles and
5 standards are that you apply in dealing with regulatory
6 agencies and in dealing with contributors.

7 Are you confident that you abided by those
8 principles and standards in your dealings with the Lincoln
9 matter?

10 A Yes, sir, I am.

11 Q And let me ask you, as well: Are you confident
12 that those principles and standards are consistent with the
13 ethical standards by which this body is guided?

14 A Yes, sir, completely compatible.

15 Mr. Ruff. Nothing further, Mr. Chairman.

16 The Witness. In fact, they may go well beyond
17 anything that is really written down in Senate Rules.

18 Mr. Ruff. Thank you.

19 Chairman Heflin. Mr. Bennett.

20 Mr. Bennett. Thank you, Senator.

21 **CROSS-EXAMINATION**

22 **BY MR. BENNETT:**

23 Q Good afternoon, Senator Glenn.

24 A Mr. Bennett.

25 Q Several of the Senators have said how awful these

1 proceedings have been, and I did not want my silence to
2 suggest that I did not agree with them.

3 (Laughter.)

4 But we do have to get into some detail. I
5 started out that way because I did not want you to think I
6 am looking for another investigation, but I do want to ask
7 you a little about your comment about 50 Senators being up
8 in a room with a couple, what did you say, sub-Cabinet
9 officers? Is that correct?

10 A No. These were Cabinet officers yesterday.

11 Q What were you referring to?

12 A I said, Mr. Bennett, that that was different from
13 what we are considering here. Maybe I should not have
14 brought that in. Yesterday we had a meeting in which there
15 were about 65 or maybe even more Senators up in a room where
16 you can discuss classified material with Secretary Cheney
17 and Secretary Baker talking about the Persian Gulf crisis.

18 Now that is a far cry from what we are talking
19 about here, and maybe it was an extraneous remark.

20 Q My only point was this. Presumably they had
21 aides present? Isn't that right.

22 A Yes, they had a whole flock of them yesterday.

23 Q A whole flock of them. I mean, nobody directed
24 Mr. Baker or Mr. Cheney to come to a meeting but not bring
25 an aide with them, did they?

1 A Right.

2 Senator Pryor. They directed us not to bring
3 any.

4 The Witness. That is right. We cannot take
5 aides.

6 BY MR. BENNETT: (Resuming)

7 Q That is because it was classified, right. But I
8 mean the point is, nobody told you...

9 Have you ever in all your experience on the Hill,
10 ever set up a meeting--and you did not set this one up--but
11 did you ever set up a meeting with the head of an agency
12 with several Senators present, and without regard to whether
13 you had aides, directed that agency head not to bring an
14 aide?

15 A No, not to the best of my--I just know I haven't.
16 Have not.