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February 25, 1987

See cols

STANLEY H. HACKETT, P.C.

COMMERCIAL
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The Editor
 Barron's
 200 Liberty Street
 New York, New York 10281

Re: "War on the Bank Board"
 February 23, 1987

Dear Sir:

The captioned article stated that an inquiry by the Federal Home Loan Bank Board concluded that only two institutions (one of them being Lincoln Savings & Loan Association of Irvine, California) would benefit from the direct investment grandfathering provision included in Board Member Lee Henkel's eleven point proposal of December, 1986.

Your readers should be aware that the U.S. League of Savings Institutions, representing over 3500 members, specifically requested clarification of the direct investment grandfathering rules in a letter to the Bank Board of October 17, 1986. Furthermore, at Bank Board hearings conducted on January 29-30, 1987, a number of witnesses testified in favor of clarifying the grandfathering rules. No one testified that they were already "clear".

In addition, it is debatable whether Mr. Henkel's grandfathering proposal would have aided Lincoln in any event. In a January 26, 1987, article in the National Thrift News, Mr. Gary Driggs, President of Western Savings & Loan Association of Phoenix, Arizona, is quoted as saying that the grandfathering provision was meant to allow thrifts to complete projects that were underway. According to Mr. Driggs, Lincoln's dispute with the Board centers on a service corporation established before the rule went into effect and whether its investments were grandfathered. Mr. Driggs states that the revision proposed by Mr. Henkel did not even address this problem.

Mr. Henkel's actions to date, including his December proposal, are the logical outgrowth of his widely stated views on the proper limits of regulation and the procedures by which regulations should be implemented. His actions simply show that he is just what he purports to be - an opponent of excessive regulation. Mr. Henkel and his philosophy deserve to be judged on

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their merits and not on the basis of unfounded suggestions of impropriety. In this regard, it would be well to remember that the problems of the thrift industry did not occur on Mr. Henkel's watch. They occurred and have been compounded on the watch of his most vocal critics.

Very truly yours,


Stanley H. Hackett

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