



July 31, 1986-

CONFIDENTIAL

Congressman John S. McCain  
1123 Longworth Building  
Washington, D.C. 20515

Dear John,

The FHLB, under Edwin Gray, is a "Mad Dog" turned loose in a police state effort. Please see the enclosures.

No wonder S&L's are losing billions of dollars. No wonder their executives cringe in fear and terror -- afraid to speak up.

No wonder the economy is sick and the Republicans will lose control of the Senate in November.

May I call your particular attention to the attached letter of Mr. Leff. Is there any sane mind that cannot see the bankrupt consequences of such an order from a regulator?

The cost in dollars and lives, because of this horribly ignorant and misguided agency, is incomprehensible.

May I suggest a "rat hole" costing billions of dollars is a reason to investigate the actions and the results of the FHLB policies.

Sincerely,

Charles H. Keating, Jr.  
Chairman of the Board

CHK:cdk  
Enclosures

Special Counsel  
Exhibit M-18