

1 changes, is that correct?

2 A That's correct.

3 Q Now, it is a fact, is it not, that from time to
4 time, you would attend meetings with Senator Cranston at
5 which constituents were present at which substantive issues
6 were discussed. Is that correct?

7 A By "substantive," you mean?

8 Q Banking issues, various legislative issues?

9 A I was present. I was not a participant. I was
10 an observer, but I was present.

11 Q But you would be present at some of those
12 meetings. Is that correct?

13 A That's correct.

14 Q Why did you attend those meetings?

15 A Well, in general, attending, my responsibility,
16 as a fundraiser, was to our contributors. Those
17 contributors, when they would come into our Whip Office --.

18 For the Senators on the panel, I'm sure they're
19 familiar with the Whip Office. It does not have a formal
20 waiting area. It has basically a bench that is right in the
21 middle of a working area. So a donor would either wait on
22 that bench or they would wait in the Senator's office.

23 As the fundraiser, I would be there to be the go
24 between to entertain that contributor, for lack of a better
25 word, while we waited for the Senator and the legislative

1 person to show up.

2 Q To the best of your recollection, did you ever
3 perform what you described previously to the Committee as a
4 bridging-the-gap role in connection with any meetings for
5 anyone who was not a contributor?

6 A Not to my recollection.

7 Q Is it fair to say that you attended these
8 meetings, in part, because if you were at a meeting with a
9 contributor and the Senator, and you were aware of the
10 issues the contributor was interested in, that it made you a
11 more effective fundraiser?

12 A I'm sorry. The phrasing of your question, is
13 that fair --?

14 Q Do you feel it made you --

15 Well, let me read you something from Senator
16 Cranston's deposition, and ask you if you agree with it.

17 This was a question I asked Senator Cranston on
18 April 30, 1990, page 24:

19 "Question. Would it be your normal practice,
20 when you would meet with a constituent on
21 substantive matters, that if they were also a
22 would-be contributor, that you would have your
23 financial or campaign person present?

24 "Answer. Well, occasionally, that would occur.
25 Normally it would -- or usually, it would not

1 occur. But upon occasion, if it was a potential
2 major contributor or a major contributor, Joy
3 would, I think, herself, sometimes suggest that
4 it would be helpful for me to be there, just to
5 know what was going on.

6 "Question. Why would it be helpful to her? Did
7 you ever ask her?

8 "Answer. She would be more effective in
9 fundraising if she just knows what problems
10 constituents or potential contributors have, and
11 they would now and then talk to her about their
12 problems and she would understand them better if
13 she has a first hand accounting.

14 "Question. Did she have any substantive
15 knowledge of the banking issues or the Federal
16 Home Loan issues?

17 "Answer. No, very little."

18 Do you agree with those answers given by Senator
19 Cranston?

20 A I don't agree. Obviously, that's Senator
21 Cranston's assumption, I gather, of why I was there. I
22 don't think Senator Cranston and I ever had a conversation
23 along those lines.

24 I guess, to respond to your question, I didn't
25 have to be in a meeting like that to know what was of

1 concern to contributors.

2 Q Just so we're clear, what part of that statement
3 of Senator Cranston do you agree with, and what part don't
4 you agree with?

5 A Well, if you want to go back and take in line by
6 line, I'm not sure what I would say that -- that --

7 Senator Helms. Counsel, let her look at the
8 transcript.

9 By Mr. Bennett:

10 Q Why don't we just take it, piece by piece.

11 All right, the Senator has said, it would be
12 helpful to you to be at meetings where contributors were
13 present when substantive issues were being discussed.

14 And the question was then asked, why would it be
15 helpful to her.

16 A Let me respond to the first part. I don't agree
17 with that statement. I don't think it was a terribly
18 effective use of my time. That I knew what contributors
19 were concerned about without having to sit through meetings
20 like this.

21 Q So then that was more Senator Cranston's thinking
22 than yours?

23 A That's correct.

24 Q Now, when you were at meetings with contributors,
25 and substantive issues were discussed, what did you do?

1 A Well, first of all, I think it's important to
2 understand that most of these meetings, that first of all,
3 these are meetings that occurred infrequently, and that
4 usually, they were 15-minute meetings.

5 So I would come in with a contributor. The
6 Senator often, as many Senators who's calendars are loaded,
7 would be late. He might have to leave to go for a vote. He
8 might get up to go take a phone call. And depending on, as
9 I say, if any of those things would happen, I would be there
10 to talk to the contributor, while those things occurred.

11 While a substantive discussion was going on, I
12 often would get up and go make phone calls outside of the
13 office. There's a round table that I often worked at in
14 Senator Cranston's Whip Office. While a substantive meeting
15 was going on in another section of that same room, I would
16 be off doing something else.

17 Q So you wouldn't be listening to the conversation,
18 necessarily, but would be working at this other table?

19 A That's correct.

20 Q All right.

21 How did you know about Senator Cranston's meeting
22 with contributors?

23 A Sometimes those contributors would call me, and
24 ask if I could arrange for them to see the Senator on a
25 particular date.

1 Q And sometimes you would schedule these meetings
2 for contributors with Senator Cranston to discuss
3 substantive issues with Senator Cranston?

4 A Correct.

5 Q When and how did you meet Mr. Jim Grogan?

6 A I first met Mr. Grogan at the Democratic
7 Convention in San Francisco in 1984.

8 Q Let me read you, from your deposition, Exhibit H,
9 the following questions and answers, page 37, line 8 to page
10 38, line 13:

11 "Question. Did you first become aware of Charles
12 Keating, Jim Grogan, ACC, or Lincoln? What did
13 you --"

14 And then you interrupt and you say:

15 "Okay. I first met Jim Grogan at the Democratic
16 Convention in 1984.

17 "Question. That would be your first contact
18 with, if you could it, that a group, so to speak?

19 "Answer. And he introduced himself. It's
20 interesting what remains in mind is he is someone
21 who had worked for, I think, John Glenn
22 legislatively at some point, and I remembered
23 that and we talked about what it was like being
24 Senate Staff. And then he said that now he was
25 working for a California savings and loan. That

1 they had just purchased this California savings
2 and loan, and that they were interested in being
3 of help to the Democratic Senator from the State.

4 "Question. Senator Cranston?

5 "Answer. Yes, but as I say -- let me rephrase it
6 -- I am now extrapolating, I guess. I know that
7 because I've looked at, I know what they do. If
8 you asked me about hundreds of other people I
9 talked to at the Democratic Convention, and asked
10 me what they did, I would have no idea. So the
11 reason I remember so much about this, I'm just
12 saying, is that because it has been such a focus
13 and that my memory has been refreshed. They
14 offered to do a -- they offered to be helpful to
15 the reelection campaign. At that point, I was
16 still focusing on trying to pay off the
17 presidential debt, and asked if they could be
18 helpful to us there.

19 "Jim said that he thought they could. And,
20 as I recall, and I think there's something in
21 evidence about it, that they sent us then
22 \$10,000, which were individual checks from
23 contributors."

24 Do you remember being asked those questions and
25 giving those answers?

1 A Yes.

2 Q Now, how did you respond to that, to Mr. Grogan's
3 offer of willingness to contribute?

4 A Other than you don't want me to just restate what
5 you just read?

6 Q Well, what followed from that?

7 A Well, as you have just read, they offered to be
8 of help to the reelection campaign. At that time, I was
9 still focused on the presidential debt, so I asked them to
10 be of help there, which they agreed to do. And they put
11 together \$10,000 in individual contributions for the
12 presidential debt.

13 Q Did you follow up with Grogan's offer to do a
14 fundraiser?

15 A Yes. After the following year, it may have been
16 late in '84 that we started the process, but in 1985, we
17 scheduled a fundraiser for Senator Cranston's reelection
18 campaign, I believe in April of 1985, in which they raised
19 approximately \$15,000.

20 Q Where was that held, do you remember?

21 A In Orange County.

22 Q Did you meet with Grogan at around that period of
23 time?

24 A I didn't attend the fundraiser. I don't know
25 whether I met with him in or -- I'm sure I had conversations

1 with him on the phone. I don't remember whether I met with
2 him, or not.

3 Q You met with Mr. Grogan and Senator Cranston on a
4 number of occasions, didn't you?

5 A On a number of occasions, meaning maybe?

6 Q Five or six?

7 A Five or six over the course of five years.

8 Q What were the purposes of those meetings with
9 you, Mr. Grogan, and Senator Cranston?

10 A Well, it varies. There were some that were
11 fundraising meetings, and there were some that were of the
12 nature we talked about just a minute ago, that were
13 legislative meetings that had been set up.

14 Q And what were the subject matters of the
15 legislative meetings?

16 A I don't know. I mean, I understood they had to
17 do with Lincoln Savings. Other than that, I mean, I assume
18 they had to do with banking issues.

19 Q You did know that it had to do with Lincoln?

20 A Yes.

21 Q Now, when Mr. Grogan wanted to meet with Senator
22 Cranston, would he call you?

23 A Well, at the beginning, he would. Once he knew
24 the other people, the Senator's Banking Staff person, his
25 Administrative Assistant, his personal secretary, he would

1 call those people.

2 Q Did he call Carolyn Jordan?

3 A My understanding is, he did.

4 Q Do you know whether or not he ever had any
5 difficulty in reaching Carolyn Jordan?

6 A Well, sometimes when banking legislation was
7 going on, it was difficult for everyone to reach Carolyn.
8 And also when the Senate was out of session, usually Carolyn
9 is not in the area. So those two times, it can be difficult
10 to reach her.

11 Q At these meetings, when you met or you and
12 Senator Cranston met with Mr. Grogan, and fundraising
13 activities were discussed, was there also discussion, or
14 would you ever raise the subject of fundraising?

15 A At those meetings?

16 Q Yes.

17 A No.

18 Q Why not?

19 A Well, those were meetings that had been set up at
20 Mr. Grogan's request, to deal with issues that they were
21 concerned about. The purposes of the meetings were not
22 fundraising meetings.

23 Q But you were there?

24 A Well, as I say. Because I was the person who
25 knew the contributor, and in order to help make the

1 contributor feel comfortable, which is my role, and
2 hopefully to make the whole operation in the Whip Office
3 flow a little easier.

4 Q You do recall, don't you, telling the Committee
5 that you thought it would be tacky and counterproductive for
6 you to raise fundraising matters at a time when substantive
7 issues were being discussed?

8 A And I do. I agree with that statement, still.

9 Q Did you schedule meetings with Senator Cranston
10 for both Mr. Grogan and Mr. Keating?

11 A I'm sorry, I didn't hear the beginning of your
12 question.

13 Q Did you schedule meetings with Senator Cranston
14 for both Mr. Grogan and Mr. Keating?

15 A I did at the beginning. I think, as the record
16 shows, when they first started dealing with our office, they
17 contacted me, but after I believe March of '87, the only
18 meetings I was involved in setting up, were meetings that
19 had to do with fundraising.

20 Q When did you first hear the name of Charles
21 Keating?

22 A Well, let me give a two-part answer.

23 My recollection, when I was first asked that
24 question, before I had a chance to go back and look at any
25 documents, was that the first time I had met him or heard

1 his name was election night. That Jim Grogan had told me
2 that he was going to be there for election night, that this
3 was his boss, and he wanted to make sure that I introduced
4 him to Senator Cranston.

5 Q What year was that?

6 A That was 1986.

7 At having gone back and looked at some documents,
8 I realized that he had contributed to an event that we had
9 had in Arizona, and had been one of the people that the
10 organizer of that event had highlighted in a memo to Senator
11 Cranston saying, you know, this is one of the people that
12 have been helpful in putting together money for the event.

13 Q Was Mr. Keating an important fundraiser to
14 Senator Cranston in the '86 campaign?

15 A No.

16 Q He did subsequently become an important
17 fundraiser, didn't he?

18 A Well, let me just qualify the answer. Anyone who
19 helped us raise money for 1986, I would not say was an
20 unimportant fundraiser. He put together his, not, Jim
21 Grogan was the person I knew. He was our contact with
22 Lincoln Savings.

23 And they had put together two \$15,000
24 fundraisers, which was wonderful but, in a \$13 million
25 campaign, didn't stand out.

1 Q I understand that if somebody gives you a five-
2 dollar contribution, that you consider them an important
3 contributor. But subsequent to 1986, would it be a fair
4 statement to say that Mr. Keating became a significant or
5 large, dollar-wise, contributor to Senator Cranston?

6 A Well, he became a large contributor to the
7 charitable entities that Senator Cranston was working for.
8 He never, I mean, became a large contributor directly to
9 Senator Cranston or large fundraiser directly for Senator
10 Cranston's campaign.

11 Q Would you consider the fundraiser arranged by Mr.
12 Keating in 1986 to be an important one?

13 A I think, as I said earlier, it was one of many
14 many \$15,000 events that we had.

15 Q Did you have occasion to speak to Mr. Keating
16 subsequent to the 1986 fundraising event?

17 A I didn't attend either of the -- first of all, I
18 didn't attend the first event. And the second event, I
19 believe because the Senate was still in session, it ended up
20 Senator Cranston didn't go, and the event didn't actually
21 happen. They just sent us the money that had been put
22 together for it.

23 Q But you had talked to Mr. Keating in 1986, or is
24 that not the case?

25 A I have no recollection of talking to him until I

1 met him on election night.

2 Q That was in 1986.

3 A That was November 1986.

4 Q Now, did you have occasion to talk to Mr. Keating
5 subsequent to 1986?

6 A On a couple of occasions.

7 Q And did you have occasion to meet with Mr.

8 Keating on a number of occasions subsequent to 1986?

9 A In meetings with Senator Cranston.

10 Q And at those meetings, is it fair to say that Mr.
11 Keating was usually upset about something that was going on
12 about the Bank Board?

13 A I guess from my understanding, Mr. Keating was
14 upset about things that were happening with his savings and
15 loan. Whether those were things that had to do with
16 legislation or things that had to do with the Bank Board, I
17 don't think was clear to me in real time.

18 Q But at these meetings with Senator Cranston, Mr.
19 Keating was talking about these problems?

20 A About problems his savings and loan was having.

21 Q In 1984 or early 1985, did you schedule a
22 meeting, at Mr. Grogan's request, regarding the Direct
23 Investment Rule?

24 A I may have scheduled a meeting at Mr. Grogan's
25 request. I did not -- I don't know that it was about the

1 Direct Investment Rule.

2 Mr. Bennett. May I have your indulgence for a
3 moment?

4 (Pause.)

5 By Mr. Bennett:

6 Q Were you, at any time, ever asked by Mr. Grogan
7 or Mr. Keating, to ever take any action regarding the Direct
8 Investment Rule?

9 A Not that I recall.

10 Can I just say, in answer to your earlier
11 question, I have been in meetings with Senator Cranston and
12 Mr. Keating, that were just fundraising. That didn't have -
13 - I think I said that earlier, but I just want to make sure
14 that --

15 Q I understand. You've been at meetings that were
16 just fundraising, and that you were at meetings where both
17 fundraising and other matters were discussed?

18 A I don't recall being in any meeting where
19 fundraising and other matters were discussed.

20 Q That's because you thought that would be tacky?

21 A Well, it wasn't under my control what was being
22 talked at at the meeting. I would think it would be
23 counterproductive to effective fundraising to do that.

24 Q So that, just so that we're clear, you would be
25 at meetings with Senator Cranston and Mr. Keating, right?,

1 at which fundraising was discussed, right?

2 A Those are meetings I would set up, and I would be
3 responsible for orchestrating how those meetings were
4 supposed to go.

5 Q Or you would be at meetings with Senator Cranston
6 and Mr. Keating about which legislative or substantive
7 matters were discussed?

8 A I believe, and I'm not as familiar with the whole
9 record probably as you are, that there are a couple of the
10 meetings that Senator Cranston had with Mr. Keating or Mr.
11 Grogan, in which I am present. Whether I'm in the room
12 while this stuff is being talked about, or not, I don't have
13 any recollection, so --

14 Q Didn't you just tell me a few minutes ago that
15 you were at meetings in which Mr. Keating complained about
16 the problems his savings and loan was having?

17 A When someone would call me and ask if they could
18 have a meeting with Senator Cranston, if I could arrange the
19 meeting, I would say, what do you want to talk to him about,
20 so that we knew who was supposed to be there. Did they, you
21 know, did they want to complain about the way fundraising
22 was being done, did they want to talk about the Bank Board,
23 did they want to talk about an EPA problem.

24 So I would know that much in order to be able to
25 inform the Senate office what the subject matter was going

1 to be.

2 Q But I want to be clear. I thought, and if I'm
3 wrong, I want you to correct me on this. I thought you
4 earlier testified that you were at meetings with Mr. Keating
5 and Senator Cranston at which fundraising was discussed.
6 You then seemed to make the point that you never were at a
7 meeting that you can recollect at which both were discussed
8 at the same time.

9 And that I also thought you testified that you
10 were at meetings with Senator Cranston and Mr. Keating at
11 which Bank Board matters were discussed but that you would
12 maybe go off and work at an adjoining table.

13 A Well, I'm making an assumption that that's what
14 was talked about because that's, when they asked me to set
15 up the meeting, and I asked what it had to do with, that's
16 what they said it was about. And I can remember that
17 Carolyn Jordan was present at some of those meetings, and
18 she's the Banking Staff person. So --

19 Q Well, why would you be at any meetings, since you
20 hadn't been a Senate Staffer since 1982, and your only
21 activities were fundraising, why would you be at any meeting
22 at all which did not deal with fundraising?

23 A Well, as I said, and I'm not sure if the
24 situation is different in other Senate offices, but there
25 isn't really a waiting area in our Senate office, in our

1 Whip Office. Often the Senator gets way behind schedule and
2 someone has to wait, you know, anywhere from 15 minutes to a
3 half hour for the Senator to arrive. The Senator has to
4 leave to go vote. Often, his AA leaves and goes with him,
5 or his legislative person leaves and goes with him. And the
6 person is left sitting in the Whip Office.

7 Now, I don't know how that gets dealt with with
8 everybody else, but my constituency is contributors, and my
9 responsibility is to see that those contributors feel as
10 though somebody cares about their existence.

11 And, as I say, these weren't long meetings. They
12 were, you know, 15-minute meetings. And I only say that,
13 Mr. Bennett, because it wasn't like I stuck around for an
14 hour-long discussion of something.

15 Q I want to direct your attention to December 17,
16 1984. Did you attend a meeting with Alan Greenspan?

17 A On what date?

18 Q December 17, 1984?

19 A I attended a meeting with Mr. Greenspan at some
20 point. I think as I had said earlier, or previously to the
21 Committee, it doesn't seem to me that that was the date, but
22 I gather that you have ascertained that that was the date.

23 Q Well, I have to be fair to you and say that
24 that's the date as best we can determine from Mr. Greenspan.

25 A And that that was the only meeting that Mr.

1 Greenspan ever had with the Senator.

2 Q Do you remember that?

3 A I remember being in a meeting with Mr. Greenspan
4 and the Senator.

5 Q Who else was there?

6 A Jim Grogan, I believe, was there. The Senator's
7 AA, I assume, was there. I don't remember whether Carolyn
8 Jordan was there or not.

9 Q Do you remember what was discussed at that
10 meeting?

11 A I remember that Mr. Greenspan -- and maybe part
12 of the reason this sticks out in my mind is that I had
13 gotten to know Mr. Greenspan's name through him being, you
14 know, a respected official, Government official here in
15 Washington.

16 And, as I understood it, he was there as a hired
17 consultant for Lincoln Savings, that had done some kind of
18 investigation or summary or something of the way in which
19 Lincoln Savings was run. And was making the case that this
20 was an effective way, or the direction for the industry to
21 go in.

22 Q You understood, at the time, didn't you that Mr.
23 Greenspan was a hired consultant, is that correct?

24 A Yes, that was -- I mean, he wasn't in his
25 capacity that he is now.

1 Q And again, just so we're clear, you were not a
2 member of the Senator's Senate Staff at the time you
3 were --?

4 A No, I was not.

5 Q And just so we're clear, it's true you don't have
6 any substantive expertise in banking issues?

7 A None at all.

8 Q There came a time when Mr. Keating made a
9 contribution of \$85,000 to the California Democratic Party,
10 when you were the Finance Director of the 1986 campaign, is
11 that correct?

12 A I know about that now. I didn't know about it at
13 the time.

14 Q What can you tell us about that?

15 A During, as I mentioned earlier, during the
16 reelection campaign, Senator Cranston had developed an
17 interest in national voter registration, and he had been
18 doing some fundraising for that, which was a constant
19 irritation to me, because I felt we had more than enough to
20 do in raising the money for his reelection campaign.

21 So it would seem natural to me that if Senator
22 Cranston was talking to somebody about money for voter
23 registration or get out the vote, that he wouldn't have
24 necessarily told me about it, because it usually
25 precipitated another argument about why doesn't he just

1 focus on his own reelection campaign and leave this other
2 stuff alone.

3 Mr. Bennett. Mr. Chairman, this would be a good
4 time to break. I'm starting a new area. I'm happy to go
5 forward but I'd rather not break the flow.

6 Chairman Heflin. All right.

7 We'll stand in recess until 2:00 o'clock.

8 (Whereupon, at 12:29 p.m., the hearing was
9 recessed, to reconvene the same day, Monday, December 3,
10 1990, at 2:00 p.m., in the same place.)

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