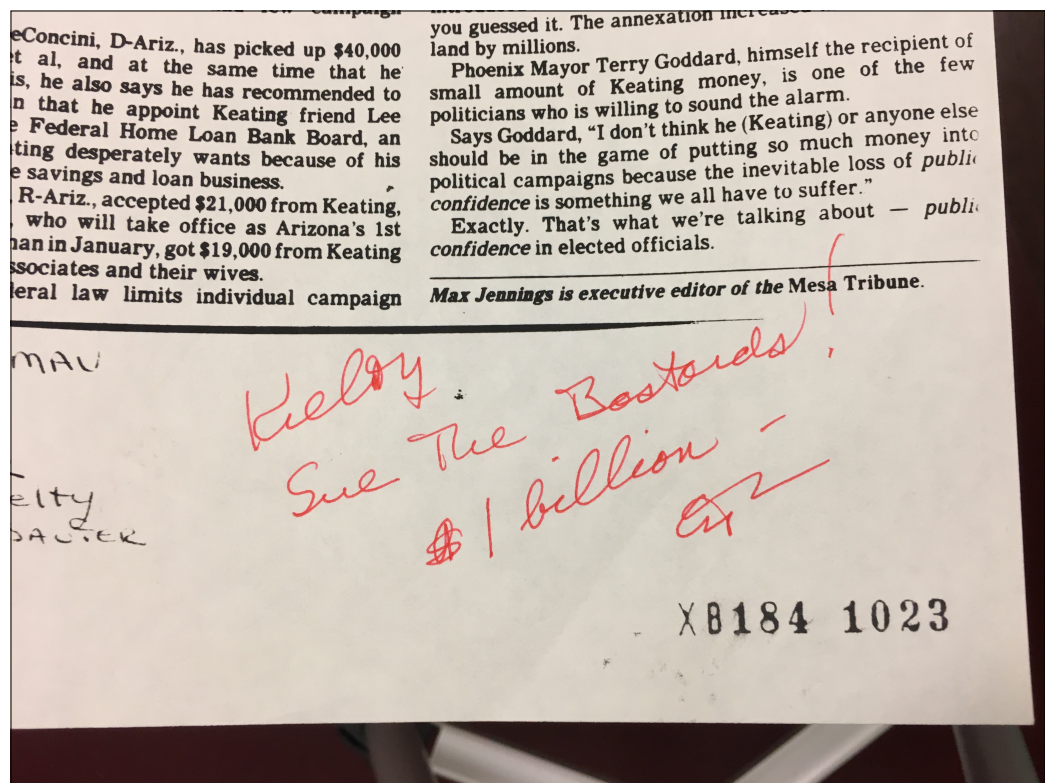


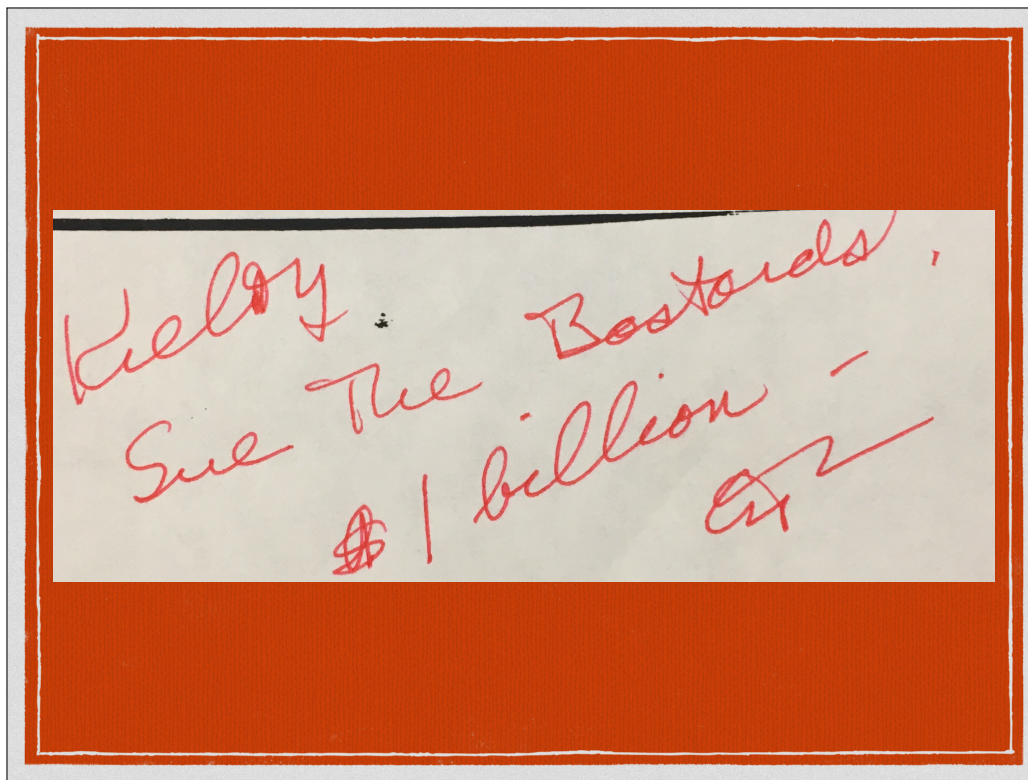
Charles Keating's War on the Press

**A Case Study of Economic and Legal Intimidation
in Business News**

**Rob Wells, Ph.D.
School of Journalism and Strategic Media
University of Arkansas**



I'll describe this a little bit more, but here is sort of the central point of my presentation. I believe this is Keating's handwriting on a 1987 investigative report about his property empire in Phoenix. He's telling his lawyer - Sue the Bastards! \$1 billion



Keating had 82 law firms on retainer at his American Continental Corp. and he deployed these lawyers in numerous ways to push back on probing news coverage.

Archival research revealed internal legal memos describing how Keating and his company used the threats of libel suits to discourage press scrutiny of his real estate projects and the shaky finances of American Continental Corp.

From 1980 through 1989, the files reveal two libel suits, four lawsuits involving media leaks and eight threats of libel or legal action against the media.

Keating had a well-earned reputation for filing lawsuits and fighting his perceived enemies in court. As Keating proclaimed in 1989, he would “challenge in court those who would destroy us,”

This research documents the reach of Keating’s legal and political power: Keating’s legal team was able to convince the FBI to investigate media leaks at the Federal Home Loan Bank Board.



Keating was one of the most powerful men in American finance,

Lawyer. Conservative political activist.

owned American Continental Corp. Phoenix.

Bought a small savings and loan, Lincoln S&L, Irvine calif in 1982*** to help bankroll his development dreams and to engage in complex finance. He was a close ally of Michael Milken, probably the original wolf of wall street.



My research began in 2012 for my doctoral dissertation and is now part of a forthcoming book, called the Enforcers: How Little-Known Trade Reporters Exposed the Keating Five and Advanced Business Journalism

This Keating research is based on a portion of the American Continental Corp archives at Arizona State University. This is a small fraction of the corporate records seized by regulators when the firm sought bankruptcy and its main bank, the Lincoln Savings and Loan, was taken over in April 1989



It was actually a great assignment - three days of hard-core archival research that began with a long trail run in the desert at sunrise

Keating News Media & Leaks Litigation	
1970s	Keating wages anti-pornography legal fight against <i>Hustler</i> publisher Larry Flynt
1980	Keating threatens libel action against <i>Phoenix Gazette</i> over coverage of a housing development. No suit filed.
Oct. 1986	Keating threatens <i>Arizona Republic</i> with libel suit over coverage of artificial lakes at developments. Newspaper prints minor correction; no suit filed.
Nov. 1986	Keating threatens the weekly <i>West Valley View</i> newspaper with libel in November 1986 over a story about artificial lakes on Keating's Estrella Ranch development; no suit filed.
Jan. 1987	Keating attorneys ask Justice Department to investigate Federal Home Loan Bank Board media leaks. FBI opens preliminary investigation in February. No charges brought; case closed 1989.
July 1987	Keating sues Federal Home Loan Bank Board for leaking to the news media. Suit withdrawn in a month.
Feb. 1987	Keating files \$11.8 million libel suit against Mesa Tribune over column about airplane noise at a proposed development. Case dismissed four months later.
Sept. 1987	Keating files \$35 million libel lawsuit against <i>Arizona Trend</i> magazine; Michael Binstein article questioned Keating's solvency. Suit settled for two free advertisements.
1987	Keating drafts civil racketeering lawsuit against Binstein seeking \$75 million in damages. Case never filed
June 1988	Keating, <i>Phoenix Gazette</i> court fight over reporter Leslie Irwin's cassette tape of regulator interviews. Keating loses case.
May 1989	Keating drafts \$20 million libel suit against contractor Arthur Eugene Whitson over statements on KPNX broadcast. Suit never filed
Oct. 1989	Keating sues FDIC, FHLB official Darrell Dochow, others, alleging libel, claiming he started a bank run on Lincoln.

The research offers a more complete narrative about Keating's war with the press. Here is a chart of major litigation he brought against the media.

I seek to situate Keating on a broad historic context about the relations between corporations and the media.

There was a major power struggle at play between businesses and the press in the late 1960s and early 1970s. This struggle is rooted in a normative divide, the sharply divergent concepts that businesses and the news media have about disclosure of information. Corporations began to lose their ability to preserve privacy about their operations as new government regulations and aggressive public interest groups asserted their roles.

The press was ascendant during this period with the passage of the freedom of information act, the rise of the environmental movement and the upswing in investigative reporting.

Keating wasn't the only business person with complaints about the media during this period. There were numerous complaints voiced by corporations that business news coverage had become excessively negative. One example was Mobil Corporation, which spent \$1.4 million in 1979 dollars on a national public relations campaign to criticize the press and advance the energy

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We know he was an anti-pornography crusader in Cincinnati in the 1960s, including a clash with Hustler publisher Larry Flynt.

I argue this experience suing adult theaters and magazine publishers allowed him to perfect a media intimidation strategy in the savings and loan crisis. It also raised his national political profile and made him a significant figure in conservative politics. In 1969 President Nixon appointed Keating to his President's Commission on Obscenity and Pornography. Keating briefly was a finance chairman for former Texas Gov John Connally's presidential bid.

From his war on pornography, Keating used the courts as a weapon against his enemies, a template for the fights with the media and regulators during the savings and loan crisis.

Here we see the evolution of his legal fight against the Phoenix news media.

Nov. 1986	Keating threatens the weekly <i>West Valley View</i> newspaper with libel in November 1986 over a story about artificial lakes on Keating's Estrella Ranch development; no suit filed.
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Here we see the pivot from Keating harassing the Phoenix Gazette and West Valley View over negative coverage of his developments to something bigger and more intense. In 1986 and 1987, Keating began to draw some critical national press coverage, particularly in the Wall Street Journal, for his opposition to tighter regulations over S&L investments. He was engaged in a public fight with the chairman of the federal home loan bank, Edwin Gray.

Keating became obsessed with trying to uncover news leaks coming from the Federal Home Loan Bank Board.

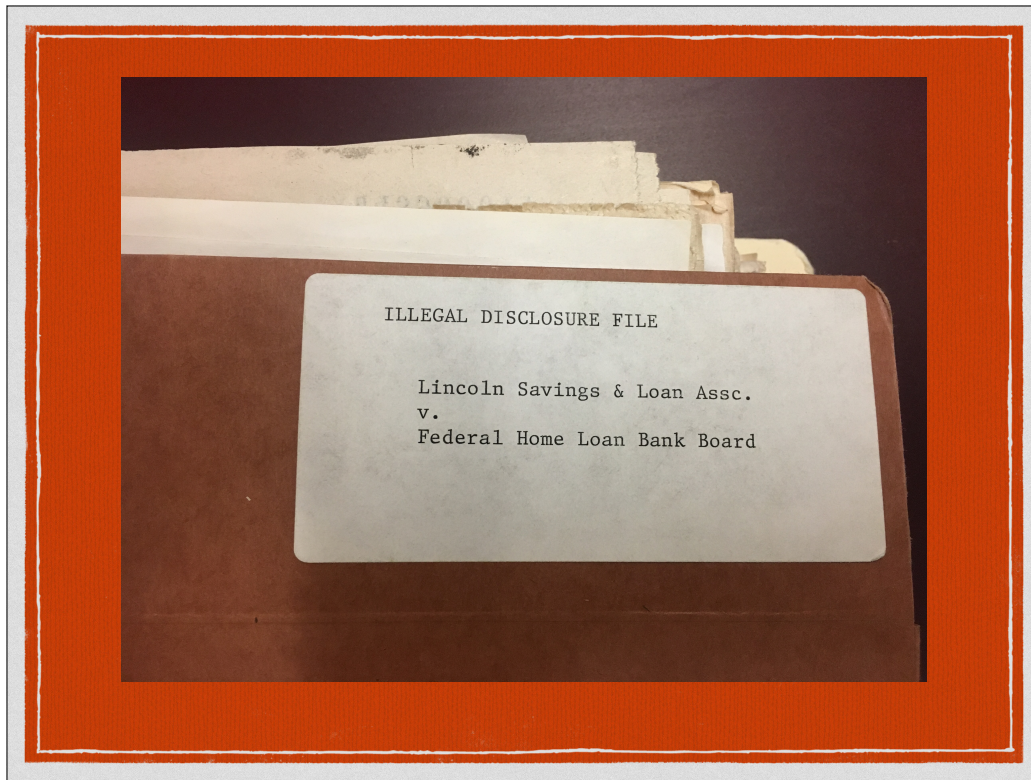
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It also shows evidence of considerable media courage, as the Mesa (Ariz.) Tribune, Regardie's magazine and the National Thrift News pushed forward with leading investigations of Keating's empire.

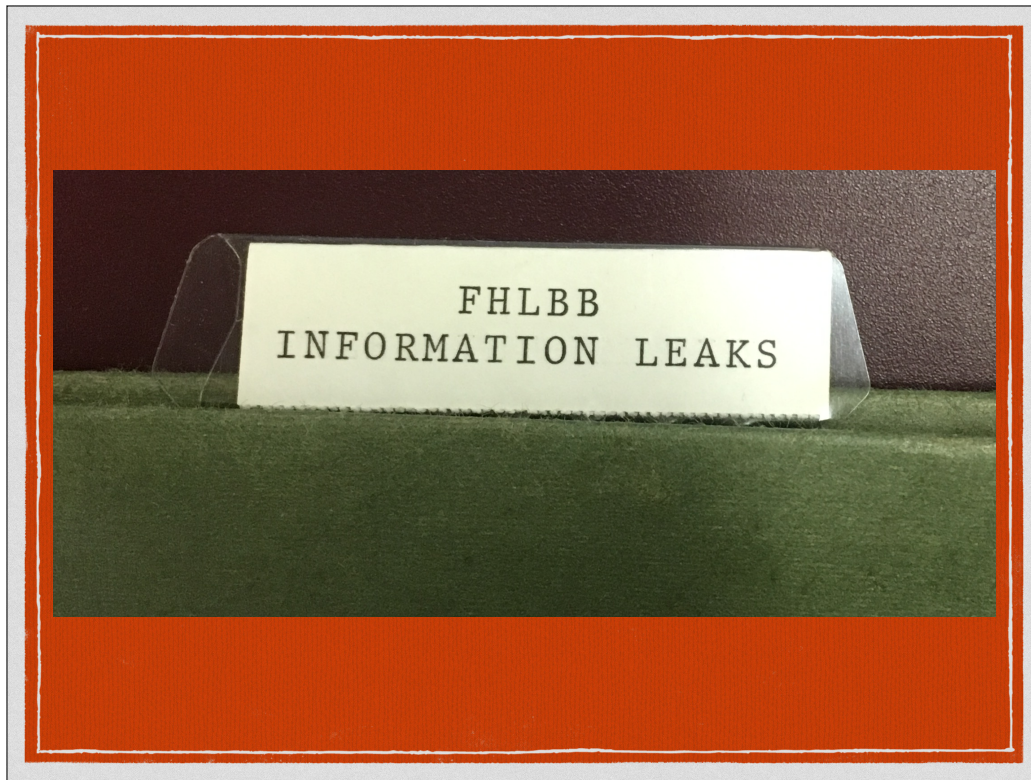
The presentation will draw parallels to Donald Trump and his battles with the press, particularly his threats of libel suits against investigative journalists.



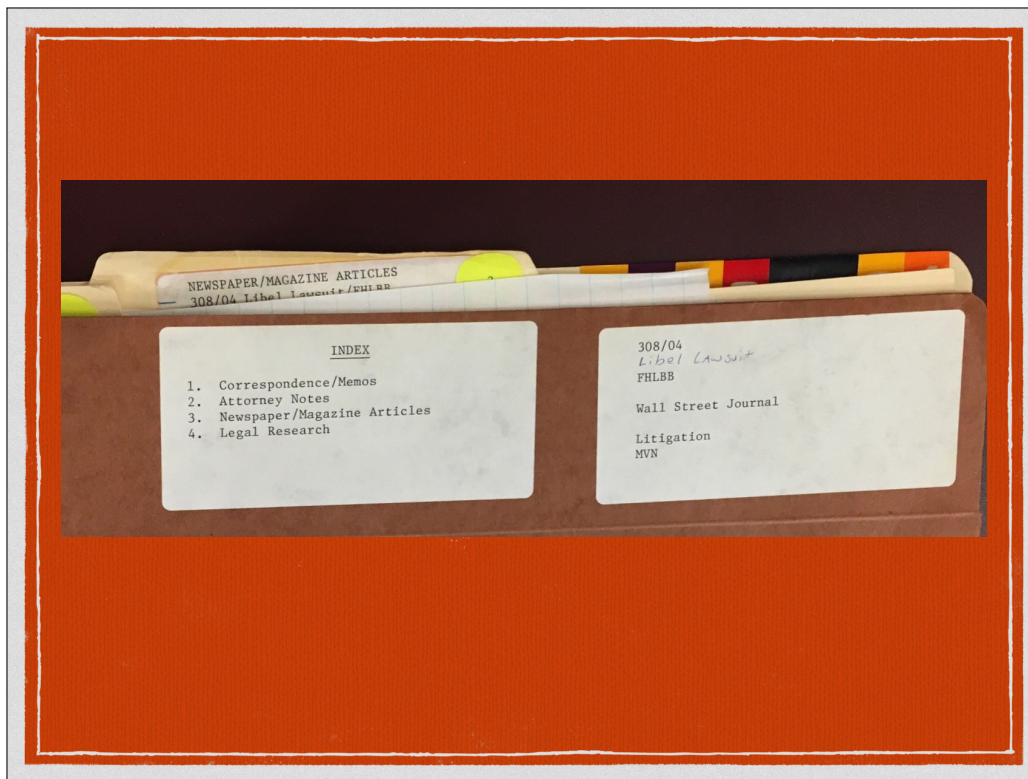
The American Continental Corp files had a lot of material about media leaks. Someone thought it would be a good idea to organize material about media leaks in this file



And this one, too.



And this



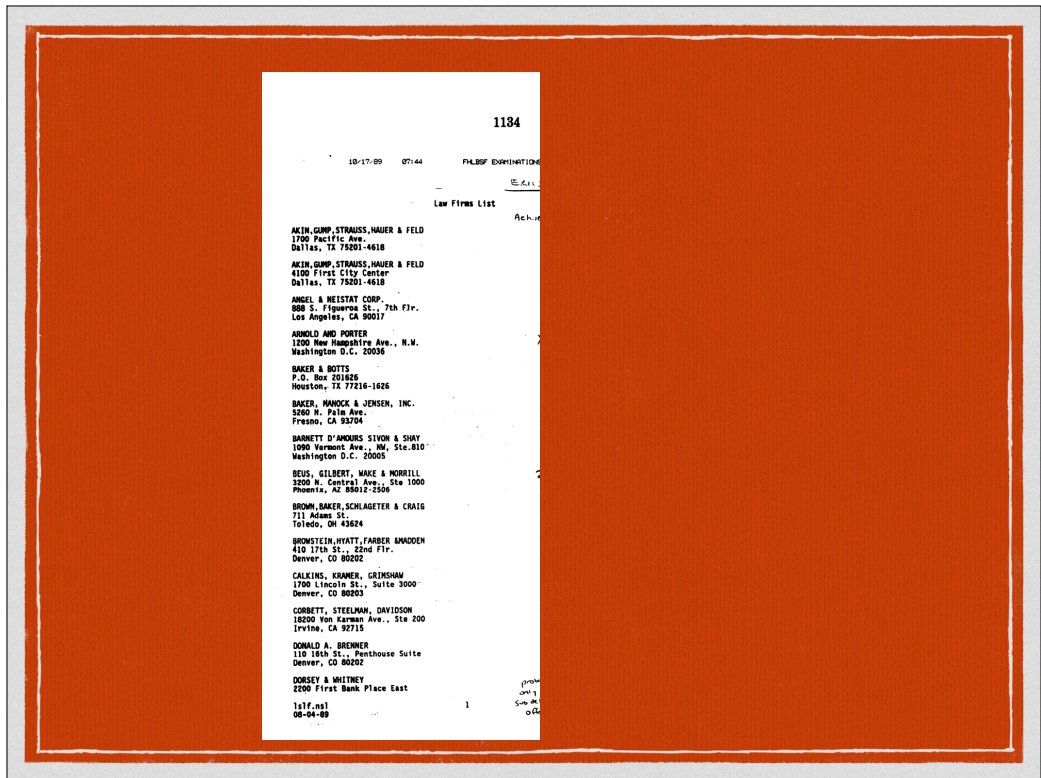
And this.

Some of this activity was inspired after Regardie's magazine in Washington DC in 1987 published a story questioning Lincoln's safety and soundness. Reporter Michael Binstein had obtained some 300 pages of sensitive and confidential bank examination records about Lincoln Savings which he used for a detailed and highly critical report in Regardie's, suggesting Lincoln was headed for bankruptcy.

Keating thought the FHLB was leaking to get back at him for fighting investment regulations.

There were many billable hours spent examining news coverage, researching libel case law, drafting lawsuits, sending threatening letters to reporters and editors.

The Keating case is an important illustration of how the political economy theory of mass communications plays out in business journalism, how economic power can distort news coverage.



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Law Firm List

ACIN, GUMP, STRAUSS, MAUER & FELD
1700 Pacific Ave
Dallas, TX 75201-4618

ACIN, GUMP, STRAUSS, MAUER & FELD
4100 First City Center
Dallas, TX 75201-4618

ANGEL & NEISTAT CORP.
888 S. Figueroa St., 7th Flr.
Los Angeles, CA 90017

ARNOLD AND PORTER
1200 New Hampshire Ave., N.W.
Washington D.C. 20036

BAKER & BOTTS
P.O. Box 201825
Houston, TX 77216-1626

BAKER, MANOCK & JENSEN, INC.
5200 N. Palm Ave.
Fresno, CA 93704

BARRETT D'AMOURS SIMON & SHRY
1000 Vermont Ave., NW, Ste. 810
Washington D.C. 20005

BEUS, GILBERT, MAKE & MORRILL
3200 N. Central Ave., Ste 1000
Phoenix, AZ 85012-2506

BROWN, BAKER, SCHLAGETER & CRAIG
711 Adams St.
Toledo, OH 43624

BROWSTEIN, HYATT, FARBER AMADEN
410 17th St., 22nd Flr.
Denver, CO 80202

CALKINS, KRAMER, GRINSHAW
1700 Lincoln St., Suite 3000
Denver, CO 80202

CORBETT, STEELMAN, DAVIDSON
18200 Von Karman Ave., Ste 200
Irvine, CA 92715

DONALD A. BRENNER
110 18th St., Penthhouse Suite
Denver, CO 80202

DORSEY & WHITNEY
2200 First Bank Place East
11f.msl
08-04-89

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off

And to illustrate what that power looked like, here is the list of the 82 law firms Keating had retained

Mississippi, MS 39402
 EPSTEIN, WICKER, BORSOFF & GREEN
 150 Park Ave.
 New York, N.Y. 10177-0077
 EYRE, KEYS, KETCHEL & JACKES, P.C.
 3300 N. Central Ave.
 Phoenix, AZ 85004
 FOLESTAD, WICKES & FAZERS
 216 Wilson St.
 Castle Rock, CO 80104
 GALLAGHER & KENNEDY
 500 S. Colorado St.
 Phoenix, AZ 85004
 HAYES & SMYTH
 4722 N. 42nd St., #400
 Phoenix, AZ 85018
 GOLDSTEIN, KINGSLEY & WINES
 1100 N. McDowell Rd.
 Phoenix, AZ 85006
 GORDON, THOMAS, HONEYWELL
 1700 First Interstate Plaza
 Tacoma, WA 98401
 GROSS & JONES
 725 S. Figueroa St., 34th Flr.
 Los Angeles, CA 90017-2414
 GREENBERG, GLUSKER FIELDS, CIA
 1800 Ave. of the Stars, S 2000
 Los Angeles, CA 90067
 HARLAND & ASSOCIATES, INC.
 3803 Via Concordia
 Redwood Park, CA 91320
 HELL, KONG, TONG & McLELLAN
 10000 Wilshire Blvd., 9th Flr.
 Los Angeles, CA 90024
 HOGAN & MORTON
 810 Connecticut Ave.
 Washington D.C. 20004-4072
 HOLLY, ALBERTSON & POLE P.C.
 1100 N. Central Ave., Ste 170
 Wichita, KS 67202
 IYER, PHILLIPS & BAKER CENTER
 1700 Pennsylvania Ave., #600
 Washington D.C. 20006

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JAMES D. WIZELMAN, P.C.
 1700 N. Central Ave., Suite 191
 Tucson, AZ 85719
 JONHINES, STROUD & SALMON
 1, Hawthorne Dr., 2nd Flr.
 Phoenix, AZ 85007-1705
 JONES, SMY, BEARDS & MOSE
 316 S. Grand Ave., Suite 2000
 Los Angeles, CA 90017
 JONES, MULLIN & HODGINS
 2100 N. Third St., Suite 2000
 Phoenix, AZ 85009
 KATZ, KOSLER, FIDMANS, WEISS
 420 Park Ave.
 New York, N.Y. 10022
 KATZ, MATHIAS & KLEINMAN
 1200 Pennsylvania St., 11 E. 4th
 Cincinnati, OH 45212
 KERRY & COMPANY INC.
 417 Madison Ave.
 New York, N.Y. 10017
 LATMAN & WATZINS
 701 S. B. Street 2000
 San Diego, CA 92101-8187
 LEHR & BUCHS
 300 S. Dearborn St.
 Phoenix, AZ 85002
 LEHR, DAVIS & COLLINS
 1700 Wilshire Blvd., Ste 200
 Los Angeles, CA 90017
 LINDEN & LINDEN
 One Shell Square, 15th Floor
 New Orleans, LA 70110
 MADRINE, HORNES & HELL, P.A.
 One South Orange Plaza
 of Lomb. 11, 10000
 Philadelphia, PA 19104
 MARICHEL, WICKS, MCINTYRE
 201 W. California
 Phoenix, AZ 85003
 MCKENNA, H. HANCOCK, P.C.
 1000 N. 10th St., Suite 100
 Phoenix, AZ 85006

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MCNEWMY, WILL & OWEN
 1000 Park St.
 Newport, RI 02840
 MCNEWMY, OWEN & COMBS
 P.O. Box 2072
 Los Angeles, CA 90007-0207
 MILLER & CHESTER LEE CHRISTENSEN
 635 15th St., N.W.
 Washington D.C. 20005
 MILLER & LIPST, LTD.
 910 Third St., 5th Flr.
 Houston, TX 77002
 MILLER & MONTGOMERY, INC.
 1261 Fifth Avenue
 Seattle, WA 98101
 MOSES & SIMON
 1271 Ave of the Americas
 New York, N.Y. 10020
 MULLIN, WYLLIE, OWENS & TOSSEL
 1000 Connecticut Ave., Ste 500
 Washington D.C. 20002
 NEARHOOD & ASSOCIATES, P.C.
 2111 E. High Road Ave., Ste 210
 Phoenix, AZ 85016
 NELSON, MULLINS, SMITH
 P.O. Box 1000
 Seattle, WA 98101
 NELSON, MULLINS, SMITH
 P.O. Box 1000
 California, CA 90011
 O'CONNOR & WYMAN
 1700 Lincoln St., Suite 4700
 Denver, CO 80202-4847
 PASTER, HOLLAND, CLARK, O'NEAL
 300 S. Main St., 25th Flr.
 Los Angeles, CA 90017
 PHILLIP BARBARO, DR.
 201 S. California Street, Ste 200
 Pasadena, CA 91101
 PETERSON, MOSE & KIRBY, CORP.
 P.O. Box 1000
 California, CA 90004
 POWELL, GOLDSTEIN, FRAZIER
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PHILIP ENRIGHT

CITIZENS & S. B. BULL Bank Bldg
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PICKETT, JAMES ELLIOTT, JR
1118 Long St., Box 1228
Washington, DC 20004

EDWARDS, BRUCE A. WOLF
200 Franklin St., Suite 1100
San Francisco, CA 94104
RONALD S. GELLER
2211 Lombard St.
Chattanooga, TN 37402

RAMBERG & WOLF
220 N. LaSalle St.
Chicago, IL 60601
S. MARCO CALOMINI P.C.
100 Pennsylvania St., Suite 700
Philadelphia, PA 19106-1088

S. MARCO CALOMINI P.C.
100 Pennsylvania St., Suite 700
Philadelphia, PA 19106-1088

SCOFF, ANDREW & MATIE
7300 Sharp Tongue
Chicago, IL 60640-6473

SONNE, ROBERT & DENNIS
255 N. Travis St.
Baltimore, MD 21201

SPRINGMEYER, HENRY FREDERICK
21 E. Monroe St.
Chicago, IL 60601

SIBLEY & HUTCHINSON
2000 Century Park East
Los Angeles, CA 90067

SIBLEY & HUTCHINSON, K.C. & LEE
1202 Lpa. St., N. W.
Washington D.C. 20004

SMEL & HELBER
1120 Willy Street
Phoenix, AZ 85027

SPRINGMEYER & HOLLIST
1010 Monroe Ave., Suite 1300
San Diego, CA 92101

STEVENS, LARRY, NEVES & CARSON
2200 TPA, P.O. Box 971
Irvine, CA 92614
08-04-85

PHILIP ENRIGHT

Phoenix, AZ 85001

STONCE & STROCK & LYMAN
2029 Century Park East
Los Angeles, CA 90027

SHULL, LEONARD & WALZIN
1125 RAYNE ROAD PLAZA
Las Vegas, NV 89101

SHULL, LEONARD & WALZIN
100 N. Fourth St.
Las Vegas, NV 89101

SHAWLEY & LUPKES
405 Leathman Ave.
New York, N.Y. 10174

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127 Washington St., N.E.
Atlanta, GA 30303

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127 Washington St.
Atlanta, GA 30303

VENON & ELKERS
3300 First City Tr-1001 Fannie
Houston, TX 77002-8790

WALTER FRANCIS SKARD
2545 MacArthur Blvd.
Rancho, CA 92085

WELLS, MALCOLM & ARCHER
117 N. N. St., 7th Floor
Boston, MA 02108

WINTERTON & LUDWIN
380 E. Commercial
Phoenix, AZ 85004

WINTERTON, HUBBARD, SEIGMIST
5000 MacArthur Blvd., 1220 Wm
Dallas, TX 75201

Alan Halberstadt, Esq.
RONALD S. GELLER
Los Angeles, CA 90017

Blaine Greenbaum, Esq.
WILL WYME, THOMP & WEISINGER
1000 Metropolitan
Los Angeles, CA 90024

Bob Troy, Esq.
Irvine, CA 92614
08-04-85

PHILIP ENRIGHT

SEYMOUR, SARA, FARMSTEADTER
332 E. Grand Blvd., Suite 2100
Los Angeles, CA 90071

SHAWLEY & LUPKES
405 Leathman Ave.
New York, N.Y. 10174

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New York, N.Y. 10174

SHAWLEY & LUPKES
405 Leathman Ave.
New York, N.Y. 10174

PHILIP ENRIGHT

San Francisco, CA 94104
JAMES W. HOGAN, Esq.
JAMES W. HOGAN, Esq.
180 S. California Ave.
San Diego, CA 92101-1010

Jay Wiley, Esq.
2515 N. Central Avenue
Phoenix, AZ 85016

John A. Galt, Esq.
2000 N. Central Avenue
Phoenix, AZ 85004

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Phoenix, AZ 85004

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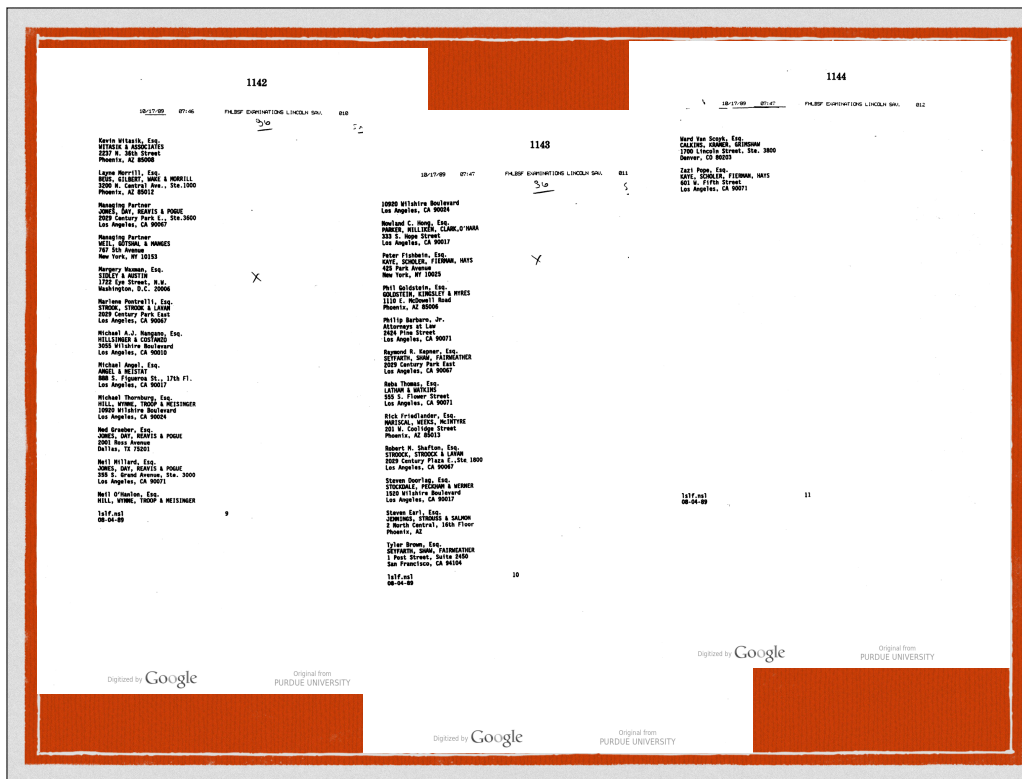
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Phoenix, AZ 85004

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Phoenix, AZ 85004

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Phoenix, AZ 85004

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2000 N. Central Avenue
Phoenix, AZ 85004

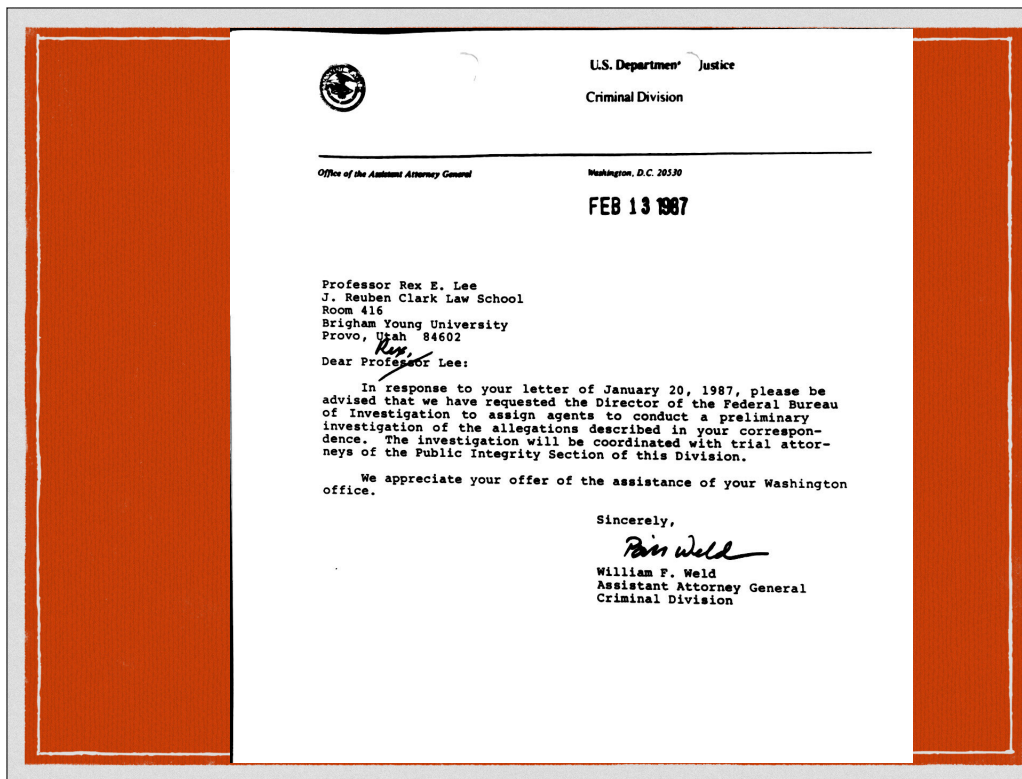
John A. Galt, Esq.
2000 N. Central Avenue
Phoenix, AZ 85004



by 1987, had spent \$50 million fighting regulators.

He had tied up so many law firms that columnist Jack Anderson found out his lawyer's firm had a conflict because another partner was retained by Keating.

This next episode will show what that legal power can do.



FBI investigation launched after a well-connected lawyer on Keating's retainer urged William Weld to investigate.

In January 1987, Rex Lee of the Sidley & Austin law firm asked William Weld, then Assistant Attorney General, to open a criminal investigation into media leaks at the Federal Home Loan Bank Board.

Lee had significant political connections in Washington; he was a former law clerk to Supreme Court Justice Byron White and a former U.S. Solicitor General from 1981 through 1985.

SIDLEY & AUSTIN

A MEMBERSHIP INCLUDING PROFESSIONAL CORPORATION

1728 EYE STREET, N.W.

WASHINGTON, D.C. 20006

TELEPHONE 202-452-4000

TELEX 99-64c

Reply to: Rex E. Lee
J. Reuben Clark Law School, Rm. 416
Brigham Young University
Provo, Utah 84602

Telephone: (801) 378-3394/4001

January 20, 1987

VIA Federal Express

ONE FIRST NATIONAL PLAZA
CHICAGO, ILLINOIS 60602
312 467-7000 TELEX 99-2884
ONE UNIVERSITY MICRO
LOS ANGELES, CALIFORNIA 90007
213 462-2000 TELEX 99-2007
500 HANCOCK AVENUE
NEW YORK, NEW YORK 10022
212 462-2000 TELEX 99-2008
1000 WILLIAM STREET
LOS ANGELES, CALIFORNIA 90017
213 462-2000
A MEMBERSHIP INCLUDING
PROFESSIONAL CORPORATION

P.O. BOX 6750
DETROIT, MICHIGAN 48206
313 462-2000 TELEX 99-2009
P.O. BOX 6800
AND DETROIT, MICHIGAN
313 462-2000 TELEX 99-2010
ST. LOUIS, MISSOURI 63101
314 462-2000 TELEX 99-2011
MEMPHIS, TENNESSEE 38102
901 462-2000 TELEX 99-2012
SAN FRANCISCO, CALIFORNIA 94104
415 462-2000 TELEX 99-2013

Mr. William Weld
Assistant Attorney General
Criminal Division
United States Department of Justice
9th & Constitution Avenue, N.W.
Washington, D. C. 20006

Dear Mr. Weld:

I enclose the materials that we discussed this afternoon on the telephone. I believe that they are self-explanatory. Our clients have been very frustrated at what they are convinced is a clear violation of a federal statute. Someone at the Bank Board is deliberately leaking information whose confidentiality is protected by statute. We are, accordingly, requesting that your Public Integrity Section conduct an investigation.

While I believe that the memorandum and its attachments are self-explanatory, we would be happy to supply any further information that your Public Integrity Section people or anyone else would find useful. My partners, Ben Heineman and Margery Waxman (both of whom are in our Washington office) are also knowledgeable in these matters and will be available for any help that you or your people would like.

Thank you very much for your attention to this matter. It was good to talk to you. Best personal regards.

Sincerely,

Rex E. Lee

REL:clm
Enclosures
cc: Gerald McDowell
Federal Triangle Building, Rm 400
Washington, D. C. 20002

Through a Freedom of Information Act request, I obtained documents describing the FBI probe

SF 72-187
BHR/css

documents, however, did not locate any information contained in the news articles.

On 5/20/87, [redacted] DOJ, was in the San Francisco office and reviewed the results of the investigation which consisted of the enclosed items. [redacted] concluded that any further investigation or interviews conducted in San Francisco would be unproductive. [redacted] stated that should any further investigation be necessary, it should be conducted in Washington as the most likely place where the leak occurred. [redacted] stated, however, that he wanted to get the concurrence of his supervisor prior to anything further being conducted.

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On 7/16/86, [redacted] recontacted the San Francisco office and advised that a new article had appeared in a Washington magazine which will probably necessitate further investigation being conducted in Washington. [redacted] stated that his supervisor at DOJ concurred with his finding [redacted] stated that it is not and has never been his intention to interview all personnel at the Federal Home Loan Bank or the bank board who had access to the material. [redacted] stated it was his opinion from what he had seen that any information leaked to the press was disclosed at a high level. This is also the conclusion of San Francisco. [redacted] stated that he is requesting that WFO interview the members that comprised the bank board in December of 1986, to also interview [redacted] for the bank board, and to speak with the bank board investigators who conducted their own internal investigation.

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The bank board internal investigator [redacted] telephone [redacted] conducted the internal investigation for the bank board and also received an anonymous report that [redacted] may have been the one who leaked the information. It should also be noted by way of background that the [redacted] KEATING of Lincoln [redacted] in 1986. Much of the background information [redacted] can be learned by reviewing the enclosed news articles. Bank board investigator [redacted] also advised that he had learned that the information in the news articles came from a [redacted] info-ex-100.

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LEADS

WASHINGTON FIELD OFFICE

NY WFO: [redacted] Will coordinate this investigation through DOJ attorney [redacted] telephone [redacted] has requested the following investigation:

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- 1) Interview the three members of the Federal Home Loan

The FBI files showed an initial flurry of activity, followed by a lull before the agency dropped the probe in 1989 without bringing any charges.

The FBI team appeared to take the leak investigation seriously at first, interviewing Federal Home Loan Bank Board staff on five occasions, from March 25, 1987 to May 8, 1987, and gathering at least six separate document requests.

By April 1988, the fbi had determined that "there is no known leak of confidential information"

They closed the case the following year.



My research began with a look at how the media covered the Keating Five scandal.

Five US senators -

April 9, 1987, these five senators met with federal home loan bank board to get them to halt plans to shut down Lincoln savings.

\$1.3 million...

National Thrift News

FOR SAVINGS/MORTGAGE/FINANCIAL SERVICES EXECUTIVES

Volume 12, #1

© 1987 National Thrift News

\$110 per year.

September 28, 1987

Five Senators Met With District Bank On Disputed Appraisals at Lincoln

Reported by STEPHEN KLEEGER
& STAN STRACHAN
Written by Mr. Kleege

WASHINGTON.—Five U.S. Senators last April intervened in the regulatory examination of Lincoln Savings and Loan Association, pressing for more liberal appraisals on the thrift's real estate investments, *National Thrift News* has learned.

In an unprecedented display of Senatorial effort on behalf of a thrift institution, Sens. Alan Cranston, D., Calif., Dennis DeConcini, D., Ariz., John R. McCain, R., Ariz., and John Glenn, D., Ohio, pressed examiners to be "fair" to the thrift. They noted that Charles H. Keating, Jr., chairman of Lincoln's parent, is engaged in a long, highly publicized battle with the Federal Home Loan Bank Board over investment regulations.

Also attending a meeting in Mr. DeConcini's Capitol Hill office, was Sen. Donald Riegle, D., Mich., a member of the Banking, Housing and Urban Affairs Committee, whom Mr.



James Crona, the San Francisco FHLB president defended examination process in unprecedented meeting with five Senators.

DeConcini had invited as a kind of expert witness.

The conference included four representatives of the San Francisco Federal



Sen. Dennis DeConcini, D., Ariz., as a "constituent service" he sought to speed examination of Lincoln.

Home Loan Bank, which is responsible for supervision of Lincoln, based in Irvine, Calif.

An industry source said the dispute

Agency MBS Sale at FCA?

WASHINGTON.—A four-part plan to break up Financial Corp. of America was sold through an agency (presumably either the Federal Home Loan Mortgage Corp. or

between Mr. Keating, who runs American Continental Corp., Phoenix, and the regulator centers on \$167 million in additional loss reserves the FHLB wants Lincoln to set aside for ~~low-risk~~ investments on which the appraisals are in dispute.

Robert J. Kielty, general counsel for Lincoln, refused to confirm the meeting between the regulators and Senators

(See editorial, p. 4)

took place. He cited the "confidentiality" of the regulatory process.

The two-hour meeting on the influential Mr. Keating's problems was interrupted twice so the Senators could vote on a bill to provide help for the homeless.

Sen. Cranston, who was managing the legislation on the Senate floor, did not attend the meeting in Sen. DeConcini's office, but stopped by briefly to excuse himself and say he

wanted the regulators to know that he shared the other Senators' concerns.

"I think the basic objective was an

(Continued on page 2)

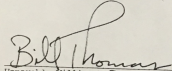
This small trade newspaper broke the story in September 1987 but it was basically ignored until Lincoln was seized by regulators in April 1989

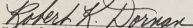
- 3) How many of these have been formally denied?
4) In how many cases has the institution been told to withdraw its application?

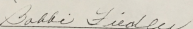
In the case of each application, we should appreciate knowing the name of the institution involved, the date of the application, the district home loan bank that considered the application, the decision reached, and the reasons given for the decision. Finally, we should appreciate receiving any documents in the Board's possession that relate to these decisions, including internal memoranda concerning both the individual decisions and any generic criteria for the granting of waivers that may exist.

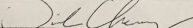
Thank you for your consideration of these questions, as well as of the earlier inquiries in the area. We should appreciate a reply at your earliest convenience.

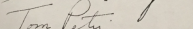
Sincerely yours,

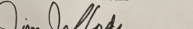

Honorable William M. Thomas

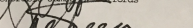

Honorable Robert K. Dorman

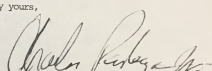

Honorable Bobbi Friedler

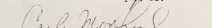

Honorable Dick Cheney

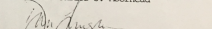

Honorable Thomas E. Petri

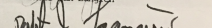

Honorable Jim Jeffords

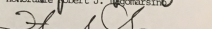

Honorable Michael DeWine

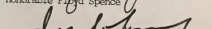

Honorable Charles Pashayan, Jr.

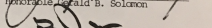

Honorable Carlos J. Moorhead

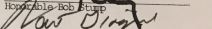

Honorable Sam Latham


Honorable Robert J. McCarthy


Honorable Fred Spence


Honorable Gerald B. Solomon


Honorable Bob Stump


Honorable Newt Gingrich

But the Keating Five weren't the only ones helping out Keating. Here's a 1986 letter from a list of rising republican stars - Dick Cheney, Newt Gingrich, Bill Thomas, Mike DeWine. — all pressuring the federal regulators to back off on Keating.



Here is a \$11.8 million libel suit filed against the Mesa Tribune in February 1987. It wasn't even about the big expose that he had spilled so much red ink over. Internal memos showed they wanted to sue over that series but instead sued over a column by Executive Editor Max Jennings about airplane noise at a proposed Keating development called The Crossings.

Such libel suits were a growing concern for journalists investigating the savings and loan crisis. Mario Renda, a Long Island, N.Y.-based deposit broker, filed a \$90 million libel suit against the American Banker in 1983 following a story about Renda's involvement in a Midwestern bank swindle. Guaranty Savings & Loan Association sued Virginia Business Magazine for \$3 million, asserting a story on the thrift crisis was "grossly misleading and defamatory."

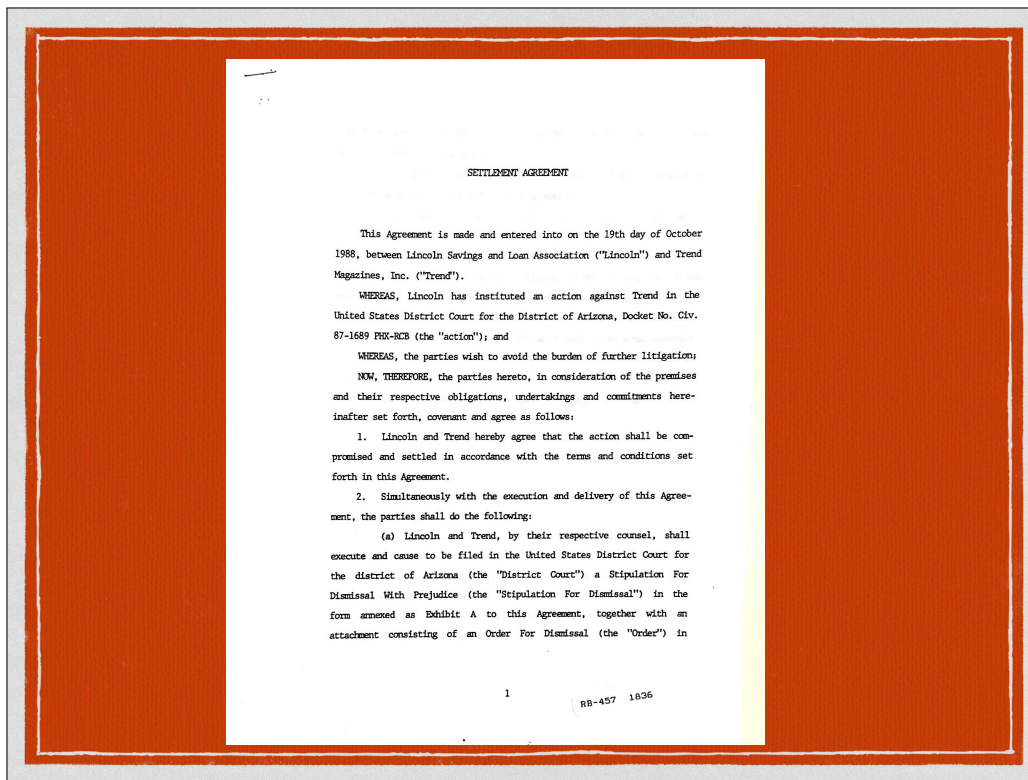


With the Mesa Tribune case, there was quite a bit of legal energy brought to bear. They even had an informant in the Mesa Tribune newsroom.

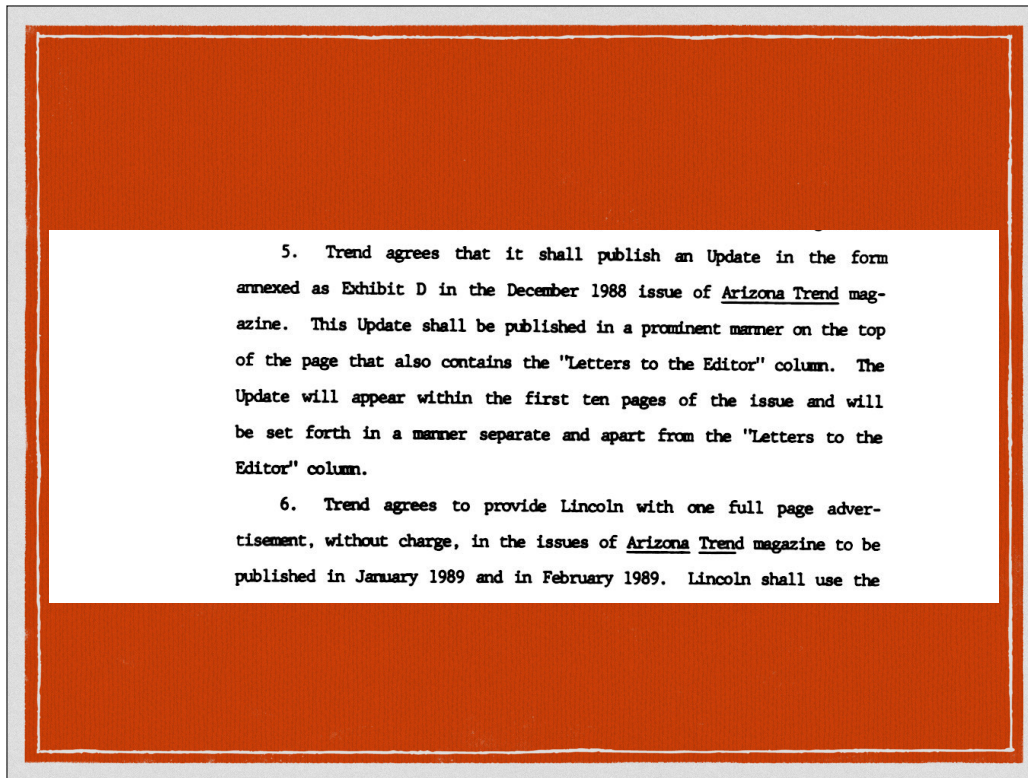
Virginia Novak, an American Continental corporate counsel, wrote to Robert Kielty that “our friend” at the Mesa Tribune called to inform them publication of a major investigation of Keating was 11 days away. “It will focus in on CHK (Keating) specifically regarding political contributions (i.e. the buying of Arizona) and the story is about buying and at auction and flipping it at exorbitant prices.” This person passed along some details about the article’s main author, Roberts, describing him as “basically a pretty nice guy and is usually fairly reasonable.

This case was clearly meant to send a message to the local paper. There was a lot of correspondence about legal strategy in the archives. One December 1986 memo said

“Nevertheless, a libel suit strong enough to withstand a motion to dismiss may cause the Mesa Tribune some discomfort.”



In September 1987, Keating filed a a \$35 million libel case against Michael Binstein and Arizona Trend magazine. This article was a somewhat revised version of the Regardie's magazine story that questioned Lincoln's finances and solvency.



—one full page ad in two issues and an update on the Lincoln case

Sort of a classic bullying tale

The files contain a settlement agreement between Arizona Trend and Keating

Keating and his legal team contemplated an even more dramatic third step: a civil racketeering lawsuit against Binstein, alleging he used “stolen documents to write materially misleading articles about Lincoln that were published in national magazines.” The draft lawsuit alleged Binstein and government employees were “inflicting severe economic harm on a private party” and Binstein sought to gain economically from the reporting. The draft lawsuit sought \$75 million in damages, but there is no evidence it was ever filed.

Trump Parallels

Keating's decision to attack the press was a strategy similar to one employed by Donald Trump, another businessman who came to prominence during the rise of an adversarial business press in the 1970s and decline in public trust in business people. Like Keating, Trump used the courts to intimidate and stifle reporters, a strategy he continued to pursue as president. By one count, Trump issued 43 threats and filed five libel suits since the early 1970s. In 2018, Trump's lawyers threatened author Michael Wolff and publisher Henry Holt with a libel lawsuit over publication of *Fire and Fury*, Wolff's controversial insider account about the first year inside the Trump White House

The mere threat of a libel lawsuit presents a clear illustration of the conflicting norms of business journalism and the corporations they cover. The close relationship the business press has with companies unravels when such threats are issued. Journalists said that when confronted with such legal threats, companies are challenging their basic existence as independent and autonomous purveyors of information.

The risk to a journalist's reputation of buckling to a threat is significant. "If someone figured out they could bully you into changing your coverage or withdrawing your coverage, it's a death spiral from which you will never recover," Blackwell said.xli

LINCOLN SAVINGS

1985 ANNUAL REPORT

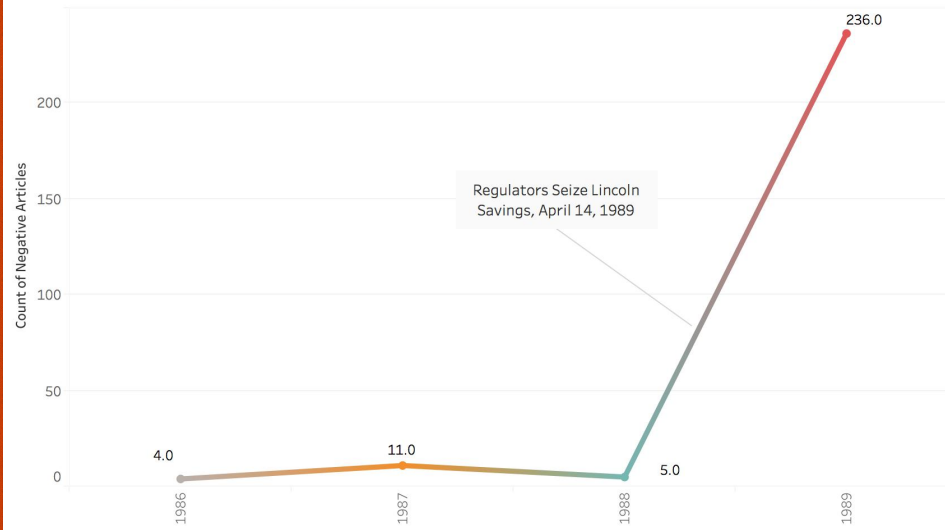




-30-

Keating's Bad Press Surges After Lincoln Savings Failure

Number of Negative News Articles: AP, NYT, WSJ, American Banker, National Thrift News, 1986-1989. n=460





Charles Keating Jr. Timeline

Year	Event
1923	Charles Henry Keating Jr. born in Cincinnati
1942-1945	U.S. Navy, Fighter Pilot
1946	Keating wins NCAA swimming competition.
1948	Keating graduates from Univ. of Cincinnati and Law School
1949	Keating marries the former Mary Elaine Fette; couple will eventually have five daughters and a son
1952	Founding partner of Cincinnati law firm Keating, Muething & Klekamp.
1958	Organized Citizens for Decent Literature; later wages fight against <i>Hustler</i> publisher <i>Larry Flynt</i>
1972	Carl Linder names Keating executive vice president of American Financial Corp.
1976	Keating resigns from American Financial and purchases an AFC subsidiary, Continental Homes of Arizona, Inc. Moves his family to Phoenix.
1979	Keating, Lindner settle Securities and Exchange Commission complaint over insider loans
1984	Lincoln Savings and Loan acquired by American Continental Corp.
1985	Federal Home Loan Bank Board imposes new regulations on thrifts, limits brokered deposits and direct investments
1986	Federal thrift examiners begin lengthy audit of Lincoln Savings; Keating spars with FHLB Chairman Gray
1986	Mesa (Ariz.) Tribune "Keating Connection" expose on contributions, political influence, junk bonds and risk of Lincoln, December 1986
1987	"Keating Five" group of U.S. Senators meet with federal thrift regulators over Lincoln Savings examination, April 1987
1987	Reporter Michael Binstein publishes expose on Keating in <i>Regardie's Magazine</i> , July 1987
1987	National Thrift News publishes Keating Five story, Sept. 1987
1987	Moody's downgrades ratings on American Continental long term debt and preferred stock; reflects the higher risk, debt levels
1988	Keating seeks to sell Lincoln Savings, without success.
1989	American Continental bankruptcy filing, April 13 1989; regulators seize Lincoln Savings after declaring it insolvent.
1989	Federal Regulators File \$1.1 billion fraud lawsuit
1989	U.S. Banking Committee hearings on Keating and Lincoln Savings collapse; Senate Ethics Committee opens probe of Keating Five senators.
1990	Keating indicted by a California Grand Jury on forty-two counts of criminal fraud associated with the sale of junk bonds. Keating is booked into Los Angeles County Jail
1992	Keating sentenced to 10 years in prison and fined \$250,000 in California fraud case
1993	Keating convicted in federal racketeering, fraud and conspiracy case, sentenced to 12 1/2 years in prison
1996	Keating wins appeal, released from prison after serving four years; jury taint in trial forced release; had been serving 10-year state prison sentence, 12-year, seven-month federal sentence concurrently.

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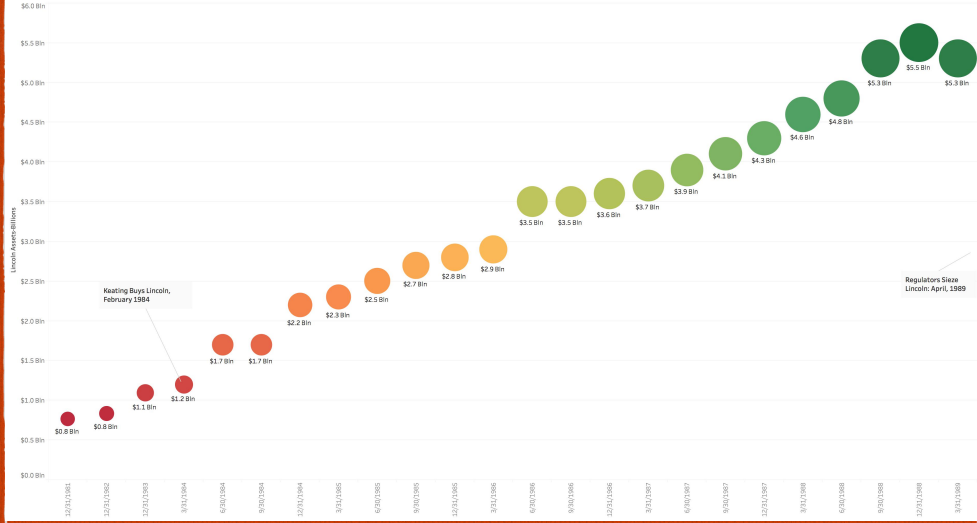
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Explosive Growth of Lincoln Savings

Assets, 1983-1989



Lincoln Savings Stops Making Housing Loans

Under Keating, Lincoln Savings pursued speculative development loans, not traditional home mortgage business
Percentage of Residential Loans, By Year. Source: Office of Thrift Supervision, Lincoln Savings

