

## Banking by John Hoefle

### Neil Bush decides to fight

*A fight against persecution of S&L executive scapegoats could put Daddy George between a rock and a hard place.*

When Neil Bush refused to voluntarily accept an order from the Office of Thrift Supervision directing him to refrain from engaging in any conflicts of interest should he ever again become an officer or director of a federally insured financial institution, he placed his father, President George Bush, squarely between the proverbial rock and a hard place.

On the one hand, it has been the policy of President Bush and his administration to target and prosecute to the fullest extent of the law—and beyond—officers of failed thrifts. This group includes his son Neil, a former director of Silverado Banking S&L of Denver, which failed in December 1988, a failure which will cost the taxpayers some \$1 billion.

On the other hand, Daddy George has a personal interest in the case. There is a father's legitimate concern for his son, but there is also a political question. If Neil Bush is guilty of conflicts of interest, fraud, and influence peddling, as some have alleged, then Daddy George might also be implicated. After all, whose influence would the president's son be trading upon, if not his father's?

The irony is worth savoring. If President Bush treats his son with the same disdain for justice and due process as he is treating other S&L officials, and allows his son to be sacrificed, the prosecution could backfire and hit George himself. If Bush protects his son and uses his influence to stop the investigation, he exposes himself to charges of wrong doing. Either way, George loses.

"I will fight . . . although I know that taking on the Feds is tough," Neil Bush told a Denver press conference Jan. 28. Of course, if you decide to "take on the Feds," it helps if your father is the President. Neil said that he had talked to his father about the matter. "He's giving me the same advice he has given me for 35 years: Do what's right. And I'm doing what's right."

The OTS plans to take the matter to an administrative law judge, according to OTS Deputy Director Karl Hoyle, and request that a cease-and-desist order be issued against Neil. Should such an order be issued, Bush has vowed to take the matter to the courts.

Based upon events so far, it would appear that favoritism is indeed being shown to the President's son. Whereas five former Silverado directors have been banned from banking for life, the OTS has declined to impose that penalty upon Neil. The OTS's planned administrative action against Neil Bush—having him agree not to engage in conflicts of interest should he ever again get involved in banking—amounts to a slap on the wrist. Neil Bush sat at the same table and was involved in the same decisions. Surely, if the five are guilty, so is the sixth. Why the double standard?

The plot thickens because President Bush must soon appoint a new director of the OTS to replace the outgoing M. Danny Wall, who is resigning. Since the OTS has already announced that it is continuing to inves-

tigate the Silverado case and that criminal charges are under consideration, whoever is selected to replace Wall might very well be called upon to decide whether or not to file criminal charges against the President's son.

The new OTS nominee will be subject to Senate confirmation, where the subject of Neil Bush will no doubt be raised. The White House naturally denies that Neil Bush's fate is in any way tied to the selection of a new OTS director.

"The President's decision on a nominee for the thrift office will be made completely independently of this or any other case," said White House spokesman Alixe Glen.

Further complicating matters for the President and his son, the House Banking Committee, chaired by Rep. Henry B. Gonzalez (D-Tex.), has announced that it will hold a series of hearings on the thrift crisis, specifically including the Silverado case. The committee has already indicated that it will question Michael Milken, the former Drexel Burnham Lambert junk bond king, on the role of junk bonds in the demise of the thrift industry. Milken and his junk bonds played a prominent role in the collapse of Silverado.

Finally, hanging over the entire affair is the specter of Iran-Contra. Then-Vice President Bush ran the Iran-Contra operation from his position as head of the Special Situation Group. The President's brother Prescott Bush and the President's son Jeb Bush have been implicated in various phases of the Iran-Contra operation, including alleged laundering of funds. Given Neil Bush's role as a director of Silverado, some suspect that Neil Bush may have also been involved in this "family affair." If so, the Silverado case may turn out to be the case that brings down the Bush administration.