

Texas is a state where a swindler's dreams, like everything else, come big. In recent months the state has spawned, even by its own outside standards, one of the biggest swindles ever. The central figure is 64-year-old Frank Sharp, a Houston builder-financier whose gradually unfolding business dealings have embarrassed a rotunda-full of politicians. Among them is Will Wilson, chief of the U.S. Department of Justice's Criminal Division, *ex officio* the nation's leading law enforcement officer. This is the story of the relationship between the operator and the crime buster.

The American political woods in 1946 were alive with the sound of a generation of ambitious young war veterans making their first try for public office: John Kennedy was running for Congress in Boston, Richard Nixon was doing the same in Whittier; and in Dallas, Will R. Wilson Jr. was running for district attorney.

Wilson's credentials were better than most. As an army major, he had accepted the sword of Japanese Gen. Tomoyuki Yamashita in the Philippines. He was the grandson of a Confederate Army surgeon and the son of a prosperous Dallas businessman. He was aggressive and dynamic, and his integrity was unassailable.

And he was a winner. He became a popular, successful district attorney, making well-publicized forays against illegal gambling clubs and organized crime. He won a second term in 1948 and rode his reputation as a crusader into a seat on the Texas Supreme Court in 1950, becoming, at 38, one of the youngest justices in the court's history.

But temperamentally Wilson was a crime buster, more prosecutor than judge, and he resigned from the bench in 1956 to run for state attorney general. He won again, and again he was good at his job.

His associates remember him as an unswerving soldier of justice. As attorney general he had a whole state as the stage for his allegorical dramas, and he pursued evil wherever he detected it: he routed organized crime in squalid Galveston on the Gulf; he went after the slant-hole oil drillers who robbed their neighbors' fields in East Texas; he prosecuted hundreds of high-interest loan sharks; and he drew blood from one of the gaudiest in the grand march of Texas swindlers, Billie Sol Estes. His fellow attorneys general were impressed enough that in 1960 they selected him as the best in the nation.

Wilson summed up his approach to crime in a gloriously mixed martial metaphor: "Like the old cavalry general, I've always believed in riding straight for the sound of the guns. Certainly I know that I am deliberately turning my back on the security of a quiet harbor and certainly the course we steer lies through troubled waters. But that's where the need is greatest."

He also perceived subtler menaces, in influence peddling and the intricate relations between self-serving Texas business operators and politicians. "Bribery," he said in 1962, "is the greatest inter-

Will Wilson, formerly Sharp's attorney, is now head of the Justice Department's Criminal Division.

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by DONALD JACKSON



Promoter Frank Sharp, key figure in the Texas stock scandal, now has time for golf at his Houston club.

THE PROMOTER AND THE CRIME BUSTER



nal threat to government which we face . . . the practice of influence as a means of getting things done in government is increasing." He warned that "business crime—fast-buck promoters in insurance, oil, real estate—seems to be increasing," and that "Texas has not held her officials to a high enough minimum standard of honesty in office."

Wilson won three terms as state attorney general, the last one in 1960, and by 1961 he felt ready for larger things. He ran for the U.S. Senate seat vacated by Lyndon Johnson, and made his first acquaintance with political defeat, finishing fourth in the special election won by John Tower. In 1962 he tried for governor and was again fourth, in the Democratic primary won by John Connally.

Around that time his friends noticed a change in Wilson. He seemed bitter; resentful that the Democratic establishment in Texas had not helped him when he needed it. He had, after all, paid his dues: 16 years of faithful party service, capped by a major role in the Kennedy-Johnson campaign of 1960. And he felt betrayed.

"He became obsessive about it," one associate recalls. "He was bitter at the entire Democratic party." He had been an easy winner for years and now he was a loser. He blamed Johnson, Connally, Sam Rayburn and the party nabobs in general. Another Democrat thinks that television contributed to his sudden collapse. "He was terrible on TV and that's what really hurt him," he said. His friends sensed an "anxiety" about Wilson they hadn't seen before. He dropped out of politics for a few years, and when he resurfaced, in 1966, it was as a Republican.

In 1953 he set up a law firm in Austin and began representing some of the biggest corporate names in Texas. One client was Humble Oil Company, a victim of the slant-hole drillers Wilson had effectively prosecuted. "I brought Humble into the firm," he said in an interview last week. "I see no impropriety in that. Other oil companies had been hurt by the slant-hole drillers as well."

Another client was Frank W. Sharp of Houston, a millionaire land developer who had built several subdivisions during Houston's explosive growth in the 1940s and '50s.

Wilson and Sharp had known each other, by Sharp's reckoning, since the early 1950s. In 1960 Wilson had been a member (as attorney general) of the three-man state banking board when it passed on a bank charter application filed by Sharp for his Sharpstown State Bank, located in a Houston subdivision he named for himself. The state bank examiner had recommended the application be denied on grounds that there was no need for another bank in the area. Wilson and State Treasurer Jesse James voted in favor of the application, which was duly granted. Wilson, at Sharp's invitation, later cut the ribbon at the bank's opening.

A year later Sharp got into a wrangle with the city of Houston over water, sewerage and drainage projects in Sharpstown. Sharp maintained that the city should finance construction of the utilities, the city argued that Houston and the developer should split the cost. When the suit reached the court of civil appeals, Attorney General Wilson's office filed a brief supporting Sharp. The suit

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was later settled by a plan calling for the city to spend \$4.2 million and Sharp to pay a \$5-a-foot fee for every new home connected to the system.

Sharp was a tough, autocratic baron with a weakness for celebrities. He had built a real estate empire which he was busily expanding into finance, first in banking and later in insurance. He enjoyed the company of famous names, of well-known politicians like Wilson and of Houston's resident heroes, the astronauts. In 1962 he had offered free homes to the seven original Mercury astronauts, an offer at first accepted and later rejected after intervention by the Kennedy White House.

Sharp was also a patron of the Society of Jesus. Although a Methodist, he contributed land for the construction of a Jesuit preparatory school in Sharpstown and frequently donated money and stock to the order. In 1969 he was invited to the Vatican to receive the highest honor the Jesuits can offer a Protestant, designation as a "founder" of the Society of Jesus. He is the only American Protestant ever to hold that honor.

Wilson had traded in chunks of Texas real estate for years, with consistent success. In his 1962 gubernatorial campaign he had criticized Governor Price Daniel as a "moonlighter" governor who averaged "one land deal every ten days" while in office. During the 12 years Wilson was on the state payroll in Austin, first as supreme court justice and later as attorney general, he was involved in 100 real estate transactions—an average of one every 45 days.

Wilson owned property in the black ghetto of Austin as far back as the late 1940s. He built a number of houses in East Austin in the 1960s and sold them to blacks at 7% interest. White homeowners in Austin were paying as little as 4% on home loans at that time. "I was trying to help blacks get housing," Wilson said. "A lot of them had to pay higher interest rates, or couldn't get loans at all. But I had a phobia about interest—I wouldn't charge higher than 7%."

As to his land-dealing over the years, Wilson claims: "There was nothing wrong with it. Hell, I'm proud of it. It used to be thought a worthwhile thing in this country to make money. Looking back now, the only thing I'd do differently is buy more property." He said that his land transactions amounted to "very little" while he was attorney general.

Once he became associated with Frank Sharp, Wilson had a gifted land operator on his side. During the six years he worked for Sharp (1963-1969), Wilson has calculated that his net worth increased from \$500,000 to "approximately \$1.3 million." Most of his wealth was in land.

"Sharp steered Wilson into good land deals," said a Sharp associate. "He would set it up so a profit was practically guaranteed. Hell, he'd buy the land himself if he had to."

Sharp paid Wilson a \$1,000 monthly retainer for representing his Sharpstown Realty Company. Wilson, in addition, frequently borrowed money from Sharp-controlled firms, sometimes without collateral. In 1964 he was granted two loans of

\$50,000 each by the Sharpstown Realty Company, one at 4½% interest and the other at 5%. The loans were for land purchases. Wilson received several additional loans from the Sharpstown bank, consolidating them in 1966 into one note for \$200,000. This loan was in turn secured by the land he had purchased in 1964. The note was repaid in 1969.

Sharp, meantime, was dreaming ever more grandiose dreams. He discussed buying Braniff Airlines and installing astronaut James Lovell as chairman of the board. He talked of gaining control of Royal Dutch Shell Corp., one of the world's largest. He cashed in on the gratitude of the Jesuit fathers, borrowing large sums of money from the Houston Jesuit school and shutting it from one of his companies to another.

In 1968, at Sharp's urging, Wilson's firm opened an office in the Sharpstown bank building (rent-free), and the firm began collecting another \$1,000 retainer for representing the bank.

Early the same year, Sharp decided he wanted National Bankers Life Insurance Co., a Dallas firm owned by former Governor Allan Shivers. (Sharp was later asked why he bought it, and his reply was simple enough: "I don't know that anyone has to answer why they buy something. If they want something they buy it.") Wilson negotiated the purchase for Sharp, at a price of \$7.5 million. Sharp financed the deal partly through \$4 million in loans from his bank, even though it had a legal loan limit of only \$3 million. The remaining \$3.5 million was borrowed from National Bankers Life itself—a bit of financial legerdemain where the company is purchased with its own money. Sharp has testified that his principal advisers in the NBL deal were Wilson and Sharpstown bank president Joseph Novotny. Wilson disagrees. "I did not know then and don't know now how Sharp got the money to pay for it," he says. "He didn't consult me about that."

Sharp's friends agree that he was not an easy man to advise, especially on business matters. Former NBL executive Sam Stock recalled a conversation with Wilson about Sharp in 1968. "I asked Mr. Wilson if Sharp was for real," meaning "financially solid," Stock said. "Mr. Wilson replied that he probably knew more about Mr. Sharp's dealings than anyone in the world, but he probably didn't know 10% of them."

After NBL was in Sharp's portfolio, Wilson began collecting another \$1,000 monthly retainer as general counsel for the insurance company. "I actually did very little work for the company," he said. "I was disappointed." He also had begun buying NBL stock in early 1968.

Wilson had a role in two even more questionable Sharp transactions, although he contends his role in both was as a "patsy." The first, in late 1967, was Sharp's use of Wilson to pay for the installation of eavesdropping devices in offices that were being used by examiners who were investigating the Sharpstown bank. Sharp hired the bugging expert and asked Wilson to pay the \$2,500 bill through his law firm. Wilson contends that he did not know what the money was for but was assured by Novotny that "it was all right."

"I feel I was used," Wilson says. "All I knew was that if Frank told me to pay it I'd get my money back." Wilson said that he was reimbursed the \$2,500 by Sharpstown State Bank for the "construction work."

The second incident involved the use of Wilson's brokerage account to purchase NBL stock for the wife of Ted Bristol, a bank examiner for the Federal Deposit Insurance Corporation. "I asked Wilson," Sharp said, "if Mrs. Bristol's stock could be bought through his account, inasmuch as Bristol did not have an account in a brokerage firm there in Austin." Bristol was financed by a loan from Sharp.

Sharp said that Wilson agreed, and brokerage house records show 700 shares of NBL stock purchased in Wilson's name on Feb. 20, 1968. A copy of the confirmation records obtained by LIFE contains the name "Ted Bristol" written in longhand on the form. Wilson verifies that the handwriting is his, but he claims he had no knowledge of Bristol's identity. "It never occurred to me to ask," he says. "It may sound naïve, but I didn't think about it. I did a favor for a client." Other stock records obtained by LIFE show that Bristol had a stock account in his own name as early as May 1968.

Bristol, who has refused to comment on the transaction, told LIFE last week that he "had met Wilson only once, casually, about three or four years ago." He added, "I doubt if he even remembers me." Wilson says he doesn't.

Wilson moseyed back into Texas politics in 1966 as a Republican, supporting John Tower against Democrat Waggoner Carr in the Senate race. In 1968 he led a Republican campaign task force on crime and law enforcement, and he let it be known that he was willing to run for governor on the GOP ticket. Instead he managed gubernatorial candidate Paul Egger's campaign.

But in January 1969, Wilson rose again. On the recommendation of Senator Tower, President Nixon selected him to be assistant attorney general in charge of the Justice Department's Criminal Division, the top federal law enforcement job. The old crime buster was back at it. In the Justice Department he quickly became known to career lawyers as "the sheriff," a shoot-from-the-hip lawman who often charged first and got the facts later.

Wilson closed his legal business in Texas, though he continued to deal in land and stock even after moving to Washington. He took charge in his new job confidently, assuring early visitors that he expected to "wipe out organized crime in a year or two," directing the special organized crime "strike forces," and investigating everyone from former Supreme Court Justice Abe Fortas to fugitive love child Timothy Leary. The heart of a Puritan beat on, however. On one occasion he tried, unsuccessfully, to prevent an art dealer from importing an exhibit of erotic paintings by European masters. Wilson confronted the dealer and demanded, "When are you going to get out of this obscenity racket?"

He was intensely partisan. Career lawyers were stunned to learn that he was asking job applicants about their views on the Vietnam war. He was suspicious of men who had served under the Democrats, apparently failing to realize that many had served administrations of both parties.

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'I CAN'T THINK OF SHARP AS A SWINDLER'

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Wilson's interest in his job seemed to lag as time went on. He returned to Texas more and more frequently, and devoted much of his Washington time to private business dealings. Staff members conferring with him were often interrupted while he took telephone calls from his broker. He soon had the worst absentee record of any assistant attorney general.

In early 1969 he quizzed several Criminal Division lawyers about his old friend Frank Sharp. Sharp had been under investigation (but never prosecuted) in the mid-'60s. Only after his subordinates told him they considered Sharp a swindler did Wilson reveal that he had represented him.

Wilson sold his remaining shares of NBL stock just after taking office in January. The stock remained listed in his name at the brokerage, Goodbody & Company, until November of that year, but Wilson's sales slips confirm that he closed out his interest in February.

He did, however, receive a \$30,000 unsecured loan from the Sharpstown bank in August of 1970, when the Sharp empire was already beginning to wobble. Wilson repaid the loan by March of 1971, by which time charges had been filed against Sharp. "If I'd thought about it or about being in this position" (his Justice Department post), Wilson says now. "I wouldn't have done it. But that didn't even occur to me." Wilson says that "as far as I remember" he did not know of any federal investigation of Sharp at the time he got the loan.

Back in Houston, Frank Sharp was demonstrating that his reach exceeded his grasp. In 1969 and 1970 he began to spin so many financial webs that it will take a generation of attorneys to explain them. (And no one but other attorneys will understand even then. The case will be a "moveable feast" for lawyers, Wilson says.) Sharp created new companies, propped up one firm with the questionable assets of another, shifted figures from one sheet to another like some deranged chess player.

It all began to come apart in 1970. In January

of this year the Securities and Exchange Commission charged Sharp with several varieties of fraud, and specifically with conspiring with others to manipulate (artificially inflate) the price of National Bankers Life Insurance stock.

Sharp testified before the SEC that he had in effect bribed several prominent leaders of the Texas Democratic party, including Governor Preston Smith, House Speaker Gus Mutscher and others, by arranging for them to make a profit on NBL stock in exchange for passage of a bill which would exempt his bank from certain federal restrictions. He considered such restrictions pesky. Sharp stated that he felt he had a "tacit understanding" with the legislators that they would help pass his bill, which was eventually passed—and then vetoed by Governor Smith. The SEC suit was filed the day before Governor Smith was inaugurated for his third term.

The Sharpstown bank promptly collapsed, the first Houston bank in memory to do so. NBL and another Sharp-controlled insurance company went into receivership, half a dozen state and federal investigations began revving up, and Democratic politicians began screaming like wounded razorbacks. Hundreds of innocent investors and bank depositors were in danger of losing their money. And the biggest loser of all was the Jesuit preparatory school, which the SEC said had been taken for a holy \$6 million.

of his empire. "He conned the Jesuits, he conned the pope, he conned the astronauts [Lovell was a director of NBL, and other astronauts had been given stock], he conned the politicians, and then he conned the Justice Department."

The last charge brought the issue right back around to Will Wilson. The Justice Department, it developed, had agreed to withdraw all charges against Sharp except for two relatively minor ones (selling unregistered stock and making a false entry in a ledger book) in exchange for his cooper-

ation in the federal investigation. Sharp was quietly sentenced to three years' probation and a fine of \$5,000. At this news, Texas Democrats sent up a new chorus of howls in the prairie night.

The Democrats suspected Wilson of masterminding the federal case in an exercise of deferred but delicious political revenge. Wilson claimed no knowledge of the SEC investigation prior to November 1970, and said he disqualified himself from the case as soon as he learned of it. The decision to grant immunity to Sharp was made by Deputy Attorney General Richard Kleindienst, after it was arranged by Houston U.S. Attorney Anthony Farris.

In June 1970, however, Wilson was visited at his Washington home by Sharpstown bank president Joe Novotny. "He asked if I knew about an SEC investigation," Wilson said, "and I said I didn't. I wouldn't have known even if there had been one." Novotny told him, Wilson said, about recent Sharp maneuvers involving NBL and a series of holding companies. "I told Novotny that I saw trouble coming out of it," he said. The visit lasted only 30 minutes or an hour, Wilson said, and then Novotny went on to New York.

Will Wilson, the crusading district attorney, the attorney general with righteous zeal burning in his eyes, may be nothing more than a victim of his environment. The "practice of influence as a means of getting things done in government," which he condemned in 1962, the whole network of connections between politicians and businessmen, the machinations of men motivated by vanity and greed and

fore him, in Texas and elsewhere.

Wilson sits in his large office in the Justice Department now and thinks about Frank Sharp—and his thoughts collide.

"You've got to understand Sharp," he says. "He is a generous sort of man. He liked to help people. He helped literally thousands of people one way or another. He was kind of the little guy's capitalist. He was generous to churches.

"There's a Greek tragedy in this thing. Sharp was a Horatio Alger story until... I've watched it in people. As long as they stick to what they know, they do well. Frank should have stuck to real estate.

"I can't think of him as a swindler. In hindsight I should have known that he didn't have the restraints it takes to..." Wilson did not finish the sentence. "He's not the kind of man who runs off with other people's money. He's a power man, not greed.

"What I regret is that I didn't push him against the wall and tell him to stay out of the insurance business. I feel like I failed him that way.

"You don't have to believe me," Wilson went on, "but I spent 30 years in public life and never did anything dishonest and I haven't done anything dishonest in this thing." At the moment no charges have been brought against him, but whether he will keep his job or not is an open question.

A brother attorney, a Texan, sees Wilson as more naive than corrupt. "Will Wilson," he says, "is finding out things about himself that he didn't know." To another attorney, "Wilson made the classic lawyer's mistake. He went into business with his client."

A guard protects what's left of the dwindling resources of Sharp's Sharpstown bank

