

S&L probe has possible CIA links

Authorities target Houston developer

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OF THE HOUSTON POST STAFF

Federal authorities are investigating Houston developer Robert L. Corson in connection with several failed financial institutions where fraud contributed to their demise. The Houston Post has learned.

Corson, who already has been barred from having any dealings with federally insured financial institutions, is the former son-in-law of Houston businessman and political power broker Walter M. Mischer Sr.

Assistant U.S. Attorney John Smith, who heads the fraud division of the U.S. Attorney's office in Houston, said, "there are currently two ongoing intensive investigations" that focus on Corson.

During an eight-month investigation into the role of fraud in the nation's savings and loan crisis, The Post has found evidence suggesting a possible link between the Central Intelligence Agency and organized crime in the failure of at least 22 thrifts, including 16 in Texas.

Corson purchased one of these thrifts, Vision Banc Savings in Kingsville, which had assets of \$70 million, in early 1986.

Four months later, the thrift was insolvent, in part because of \$20 million in loans that were made to help finance a Florida land deal.

Corson is identified in federal law enforcement records as a "known money launderer." One former CIA operative told The Post that Corson frequently acted as a "mule" for the agency, meaning that he would carry large sums of cash from country to country.

The CIA would neither confirm nor deny whether Corson had a relationship with the agency.

One of the people who helped arrange the Florida land transaction was Miami lawyer Lawrence Freeman, a convicted money launderer with ties to CIA agents and organized crime figures. Hill Financial Savings in Red Hill, Pa., put up \$80 million to help seal the deal.

Hill Financial also was among the 22 failed thrifts where The Post found connections to the CIA and organized crime.

Smith would not divulge details.

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Evidence finds CIA, organized crime may be implicated in failure of 22 S&Ls

S&L FRAUD

That failure will provide clues to organized crime and CIA operations.

Name	City	Assets	Estimated cost to taxpayers
Continental Savings Institution	Houston	\$355 million	\$300 million
Martland Savings	Houston	1 billion	400 million
First Savings of East Texas	Houston	120 million	87 million
First National Savings	Wichita Falls	800 million	40 million
Bank of America Savings	Cameron	250 million	60 million
Western Savings	Dallas	1.3 billion	13 billion
Sunbelt Savings	Dallas	3.4 billion	2 billion
Independent American Savings	Dallas	520 million	300 million
Vernon Savings	Dallas	1.5 billion	1.3 billion
State Savings	Alvin	200 million	120 million
People's Savings	Lubbock	170 million	200 million
Lamar Savings	Austin	2 billion	1 billion
Sunbelt Savings	Dallas	16 million	150 million
Visions Banc Savings	Kingsville	70 million	50 million
Central Savings	Baytown	1.5 billion	61 million
HL Financial Savings	Red Hill, Pa.	27 billion	1.9 billion
First Federal Savings	Albany, N.Y.	600 million	50 million
Peoples Heritage Savings	Salina, Kan.	17 million	975 million
First Federal Savings	Wichita, Kan.	1.8 million	20 million
Sunbelt Savings	Denver	23 billion	1 billion

Estimated total cost of covering federally insured deposits: \$13.1 billion
Source: The Houston Post, based on government documents, sworn testimony and interviews with key government investigators and prosecutors.

By PETER BELVON
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Evidence related to the nation's savings and loan crisis suggests a possible link between the Central Intelligence Agency and organized crime in the failure of at least 22 banks, including 16 in Texas.

The Houston Post, during an eight-month investigation into the role of fraud in S&L failures, has found numerous links between organized crime figures and CIA operatives, including some involved in gun running, drug smuggling, money laundering and covert aid to the Nicaraguan Contras.

The evidence obtained by the Post from court documents, sworn testimony, law enforcement reports and interviews with key government investigators and prosecutors suggests that the CIA may have used part of the proceeds from S&L fraud to help pay for covert operations and other activities that Congress was unwilling to support publicly.

The CIA denied that the agency has used savings and loans to fund covert activities. "That would be a violation of U.S. laws, and we do not violate U.S. laws," said CIA spokesman Mark Mansfield.

The Post, however, found evidence that the CIA has intervened in criminal investigations involving agency operatives accused of S&L fraud, and may be at least partly responsible for the failure of at least 22 banks, including 16 in Texas.

St. Joe Paper Co. sold 21,000 acres of prime Gulf Coast property for \$200 million to a consortium of investors that included several organized crime figures and CIA operatives.

The Post learned that \$80 million went directly to St. Joe Paper Co., and about \$7 million was wired to a company tied to narcotics smugglers and drug money launderers in the Isle of Jersey, a tax haven in the English Channel.

About \$3 million and a 23-acre parcel of prime waterfront property — land that was part of the original St. Joe Paper Co. tract — was diverted back to Corson.

During the same year, sources told The Post, Corson rolled up more than \$150,000 in gambling debts at Las Vegas casinos, spent more than \$250,000 of automo-



St. Joe Paper Co. executive. In the 1986 Florida transaction, he was not a target.

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— Mark Mansfield, CIA spokesman

responsible for the fact that a substantial amount of suspected fraud has gone unprosecuted.

Lloyd Monroe, a former prosecutor with the Justice Department's organized crime strike force, said the federal agencies responsible for investigating S&L fraud are not in the "position to investigate wrongdoing, and are being precluded from investigating wrongdoing that is possibly being conducted in the name of national security."

Monroe, now a fellow at Brown University, asked rhetorically: "How do you expect the government to investigate itself?"

Richard Brenneke, a former CIA contract agent, testified in September 1988 during a federal trial in Denver that the CIA had set up a systematic program to raise money for the Contras.

Support for the Contras first became a point of controversy in 1984, when the Democratic-controlled Congress cut off aid to the Contras after revelations that the CIA had helped mine Nicaraguan harbors. Yet there were allegations that CIA aid continued despite the

of large, speculative loans that were tainted with conflicts of interest and other violations of law and regulations.

"Further investigation by OTS revealed that Vision Banc insiders had received financial benefit from loans made by Vision Banc that resulted in substantial losses to the bank," the OTS release said.

"Insiders also arranged to have proceeds of significant dollar amount loans made by Vision Banc diverted through the borrower's CIA or both. Eighteen of the 22 banks were either owned or controlled by people with links to organized crime, the CIA or both. And in each case, the institution's failure, fraud was a key factor."

mailed \$13 billion to cover federally insured deposits.

Monroe, who successfully prosecuted Renda in Kansas City, said although he is convinced the CIA either masterminded or condoned a certain amount of S&L fraud, proving it would be extremely difficult.

"To get to the bottom of it would take 10 times the effort," he took to put Renda behind bars, Monroe said.

"It's like trying to grab smoke," said Bruce Malton, former special prosecutor with the Justice Department's Organized Crime Strike Force in Brooklyn.

Congress has done little to spotlight the full scope of S&L fraud, with the possible exception of the House Banking Committee under U.S. Rep. Henry B. Gonzalez, D-Texas. His committee has been investigating Charles Keating and the failure of his Lincoln Savings in California.

The absence of more intense scrutiny is despite reports by the staff of a congressional subcommittee and the General Accounting Office that fraud was a key factor in most of the nation's S&L failures.

Most of the money lost in S&L failures has yet to be traced to its ultimate destination. The celebrated cases of S&L officials' waltzing off with millions in cash, boats, planes, condos and lavish entertainment account for only a tiny percentage of the money lost. Federal and congressional investigators who have the subpoena power to trace the money have shown little apparent interest in doing so.

Monroe, the former prosecutor, said he suspects that Congress and federal regulatory agencies have not been more aggressive because high government officials were aware of what he believes was the CIA's involvement in S&L fraud.

As matters now stand, Monroe said, CIA and high government officials who might have had ties to people involved in S&L fraud can maintain the facade of "plausible deniability" that they ordered or condoned anything improper.

At the same time, Monroe said, the CIA knows that these people are going to use their financial institutions (for CIA purposes) and are going to come to the CIA when they get in trouble.

S&L: Investigation of Houston developer turns up links to CIA

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of the Justice Department's investigations into Corson's dealings, but did say one of the probes involves prosecutors in Texas, Florida and Pennsylvania.

The Post was unable to reach Corson for comment. The telephone in his Houston office has been disconnected. He is said to be staying in San Diego, Calif., and phone calls to his residence there Target.

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Since then, The Post has found possible links between the CIA and S&L fraud, as well as additional evidence of connections between organized crime figures and failed banks.

The 22 collapsed S&Ls not only include large institutions such as Sunbelt Savings in Dallas, but tiny banks such as Vision Banc Savings in Kingsville.

In each case, the institution made substantial loans to people with links to organized crime, the CIA or both. Eighteen of the 22 banks were either owned or controlled by people with links to organized crime, the CIA or both. And in each case, the institution's failure, fraud was a key factor.

All told, their demise could eventually cost taxpayers an estimated \$13 billion to cover federally insured deposits.