

John Connally denies conflict in chartering

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One of John Connally's three children and seven ex-aides to the former Texas governor were initial stockholders of one of seven banks whose chartering procedures are under examination by Senate Banking Committee investigators for possible influence by Connally.

Records of the U.S. comptroller's office show John B. Connally III and the seven former aides were listed as stockholders on the application for Love Field National Bank of Dallas, chartered in 1972 while Connally was secretary of the treasury.

The charters for Love Field National and six other national banks in Texas were issued between 1970 and 1973 by Comptroller William B. Camp after his staff and the deputy comptroller recommended the applications be rejected.

A COMPTROLLER overruling his staff and deputy on a charter issue is a rare occurrence in any state, a committee source said.

At the time Love Field National was chartered, Camp's office was an agency of the U.S. Treasury Department and Connally was treasury secretary.

Asked Friday if the presence of his son as an initial stockholder in Love Field National may have been a conflict of interest, Connally said: "I don't know anything about that. I don't even know when the bank was chartered."

... Bill Camp was running that comptroller's office. I wasn't. ...

"Mike Myers owns the bank, I think, and I think he got my children into it," Connally said in Florida where he was campaigning. "I don't even know when



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the bank was chartered. I had nothing to do with it. They (three Connally children) are stockholders; that's correct."

MYERS WAS administrative assistant to Connally when he was governor from 1963 to 1968. Connally left office as treasury secretary in June 1972, one month after Camp gave the final approval for the Love Field National charter.

Committee investigators have found no evidence of any possible conversations about charters between Camp
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and Connally. Camp, who died in 1975, wrote no memos about his off-the-record talks with officials in the treasury department, a source said.

Myers, now Texas state deputy campaign chairman for Connally in his bid for the Republican presidential nomination, was with Connally in Miami Friday when he was questioned about any possible conflict of interest, and said, "The secretary of the treasury didn't have anything to do with it."

JOHN B. CONNALLY III could not be reached for comment after a number of telephone calls to his Houston law office Thursday and Friday.

Kenneth McLean, staff director of the Senate Banking Committee, said Friday he was "not in a position to really comment.... That's (a possible conflict of interest) a specific legal question."

McLean said, "... It ought to be emphasized this investigation (on bank charters in general) is not for the sole and principal purpose of looking at Connally's dealings when he was secretary of the treasury. It happened to turn up in the context of a much broader investigation, and we took a little closer look at it."

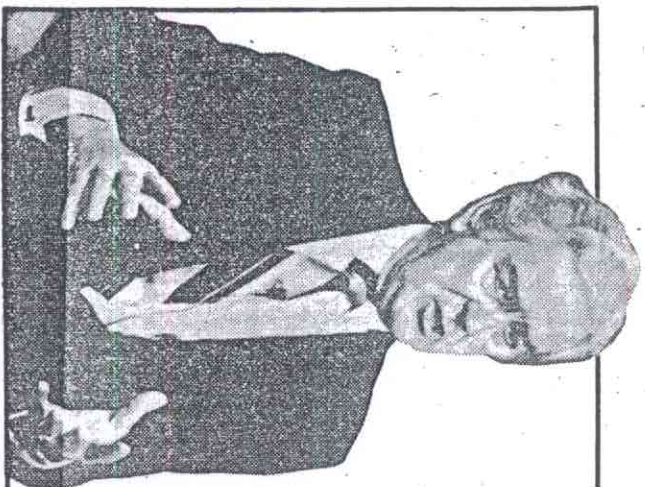
McLean said his staff has examined the comptroller's files of Love Field National Bank as one of the seven banks in Texas "where the comptroller reversed the recommendation of his deputy and staff."

THE COMMITTEE'S staff report, still being prepared, will refer to the seven banks McLean said.

"... We have looked at all seven of those ... where the comptroller reversed the recommendation of the deputy and staff," he said. "I don't know that we will single out Love Field. We will probably look at all seven."

Connally's friends and political associates are on initial stockholders lists in all seven banks.

McLean said his staff didn't "geliberately set out to look for ... some po-



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A representative of the U.S. comptroller's office in Washington, Caryl Anstran, said Friday, "We are taking a 'no comment' position on this entire Connally bank charter situation."

As for the Love Field National Bank, she said, "We have no, shall I say, oversight authority for people who buy initial stock in any bank. All we do is charter it.... There is no government control over that at all."

THREE OF THE other banks whose chartering procedures are under examination were issued charters during Connally's administration (1971 to 1972), and although he was not in office when the other three charters were granted, he had significant political influence in the Nixon administration.

The comptroller's office is designed to operate autonomously, and Connally has denied he used any influence in any of the seven cases.
The seven retraction recommendations

tions made to the comptroller were based on assessments that the proposed bank sites either had too many banks already operating in the areas or that the population of the areas was not great enough to support another bank, a committee source said.

THE SOLVENCY of the principals involved was not an issue in the recommendations, comptroller's records show.

All seven of the chartered banks are still operating and no part of the investigation relates to the operations of the banks.

Camp's decision to disregard the staff recommendations for the Texas banks has been described by a source on the committee as an "unusual pattern" in the chartering procedures.

Comptroller's records show John B. Connally III held 3,000 shares of stock in Love Field National Bank, at 6310 Lemmon Ave., when it was chartered in 1972. The shares were valued at \$10

each.

A STOCKHOLDERS LIST, which Love Field National submitted earlier this year to the Dallas County tax assessor's office, shows ownership of 2,000 of John B. Connally III's initial shares have been transferred — with 1,000 shares each being held by Connally's other son, Mark, and a daughter, Sharon.

Other initial shareholders for Love Field National included at least seven former aides to Connally when he was Democratic governor of Texas in the 1960s, including Myers, chairman of the bank. The others were Howard V. Rose, John Mobley, H. Scott Caven, George Christman, Larry Temple and Julian Read.

Read, of Austin, handled press communications for Connally's gubernatorial campaign and now is handling press communications for Connally in his campaign for the Republican presidential nomination.

READ EARLIER said he acquired his 2,500 shares of Love Field National Bank from Myers, whom he decried as "the moving force in obtaining the charter."

Myers acquired 5,000 shares in Love Field National when the bank was chartered. He increased his holdings to 23,370 shares, now worth at least \$233,700, county tax records show.

Myers said in an earlier interview he would be willing to take a polygraph test to support his claim that Connally "had nothing at all to do with" the Love Field National charter.

He said he didn't know the Love Field National charter was approved by Camp after the comptroller's staff and deputy comptroller unanimously recommended rejection. Myers said he didn't have the "vague idea" that the comptroller's approval of a charter over the recommendation of his staff was a rare occurrence.

"**WE PROBABLY** had more stockholders (134) when we opened Love Field (National Bank) than any other bank I know of," said Myers, who noted that this pleased the comptroller's office. A total of 100,000 shares of stock were issued initially.

However, four banks filed objections to the Love Field National charter, asserting the area had sufficient banking facilities, comptroller's records show.

Inwood National Bank stated "the economic activities in this area will be dramatically affected as soon as commercial activities of Love Field are relocated at the new regional airport," says a 1971 letter from Harold N. Shannon, president of Inwood, to Michael Doman, then regional administrator of national banks.

THE PROPOSED organizers of Love Field National in 1971 were "substantially the same group that applied for a state banking charter" in 1969, said Chevus Chapman, chairman of Park Cities Bank and Trust Co., in a letter to Doman. The state charter was denied.

In recalling that Connally and Sen. William Proxmire, a Wisconsin Demo-

crat who chairs the Senate Banking Committee, are old foes, Myers said the current investigation of chartering procedures in Texas "doesn't really surprise me. It's a very political time."

Committee investigators originally began checking the chartering procedures nationwide from 1970 to 1977 and isolated the Texas cases for closer study when they discovered the similar negative recommendations and approvals and the presence of Connally associates and friends in each of the instances, a committee source said.

LARRY TEMPLE, former aide to Gov. Connally and President Lyndon Johnson, was named by Connally as Texas chairman of Democrats for Nixon three months after he acquired 4,500 initial shares of Love Field National Bank stock upon its chartering.

Temple also was involved with three other banks among the seven charters under examination by the Senate Banking Committee. He acquired 4,500 shares of Meadowbrook National Bank in Fort Worth and 600 shares of Guaranty National Bank in Houston, and he was an organizer and shareholder in Chevy Chase National Bank in Austin.

"I have never acquired any stock in any bank or anything else that I have not paid cash for exactly the same as anyone else paid," Temple said.

TEMPLE ALSO SAID he knew Camp, the comptroller of the currency, but not well. He said he first met him after President Johnson had appointed Camp, a Greenville, Texas, native, in 1966. He said he knew nothing about the circumstances of his appointment.

H. Scott Caven, one of Connally's other former aides who had initial shares of stock in Love Field National, was executive director of the 1972 campaign in Texas to re-elect President Nixon.

Other banks whose chartering procedures are under examination include Metropolitan National Bank in Houston, 1972; People National Bank in Spring Branch, 1970; and First National Bank in Round Rock, 1972.