

Connally's role in banks' charters being questioned

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Government investigators have found what they call an "unusual pattern" of national bank charters being awarded in Texas to friends and political associates of John Connally while he was at the peak of his popularity in the Nixon administration.

Seven charters were approved by the comptroller of the currency between 1970 and 1973 against advice from the deputy comptroller and the comptroller's staff — advice that seldom is overruled, said a source with the Senate Banking Committee.

Four of the seven Texas charters approved by Comptroller William B. Camp were granted while Camp's office was under the jurisdiction of Connally, who was secretary of the treasury from 1971 to 1972.

While the comptroller's office ostensibly operates autonomously, committee investigators are questioning whether Connally used his political influence to help gain approval of the charters.

The primary reasons given by the

staff for rejection were that the areas either had too many banks at that time or were not populated enough to warrant an additional bank, a committee source said. The suggested rejections, he said, did not deal with the solvency of the principals.

Initial stockholders' lists for the banks show the names of friends and political associates of the former Texas governor, a committee staffer said.

Further details of the seven situations will be revealed in a committee majority staff report expected to be released before the year ends and during anticipated public hearings conducted by Sen. William Proxmire, D-Wis., chairman of the 15-member committee.

Proxmire is an old nemesis of Connally, a candidate for the 1980 Republican presidential nomination.

The bank-chartering procedures under examination by the committee staff and the dates the charters were granted are Love Field National Bank in Dallas, 1972; Chevy Chase National Bank in Austin, 1971; Guaranty National Bank in Houston, 1970; Metropol-

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Connally aide says investiga

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tan National Bank in Houston, 1972; Peoples National Bank in Spring Branch, 1970; First National Bank in Round Rock, 1972, and Meadowbrook National Bank in Fort Worth, 1973.

Committee investigators initially began inspecting national bank charters across the country for the period 1970-1977 and isolated the Texas cases for separate study when they found the similar negative recommendations and approvals and the presence of Connally associates and friends in each of the instances, a committee source said.

ALTHOUGH THE comptroller ignored the recommendation of his staff in other charters in other states during 1970-77, a committee source said investigators have found no similar situations in which so many charters were granted during such a short period of time.

Meadowbrook National Bank was chartered several months after Connally left the U.S. Treasury Department in June 1972. Peoples and Guaranty were chartered shortly before he was nominated as treasury secretary in December 1970, but during a period when he was a member of President Nixon's Advisory Council on Executive Organization.

The other four charters were granted during Connally's administration at the treasury department.

Camp, a native of Greenville, Texas, who died in 1975, was appointed comptroller by Connally's political mentor Lyndon B. Johnson in 1966 and was reappointed to a second term in 1972 by Nixon.

Comptrollers normally are not retained with a change of administration between opposing parties. Camp, however, had the support in 1966 of Jake Jacobsen, then White House assistant

to Johnson, and again in 1972 when Connally was treasury secretary, sources said.

IN ADDITION to disregarding the recommendations of at least a majority of his staff in the seven applications for charters, Camp also discounted the advice of his deputy comptroller, Thomas G. DeShazo, in each of the seven decisions, the committee source said.

The seven cases represented almost half of what few disagreements Camp and DeShazo had in more than 350 charter decisions nationwide from 1970 to mid-1973, the source said.

Jacobsen was "quite close" to Camp and had represented bank organizers before the comptroller on several bank charters, sources said, before 1975 when Jacobsen emerged as a government witness against Connally in the milk price supports bribery trial.

Connally was acquitted in that case. Jacobsen logged more hours visit-

tion 'politically inspired'

ing with Connally in his office during Connally's first six months as treasury secretary than anyone else before the two had a falling out, a source said.

AN AUSTIN source knowledgeable about Texas power politics said, "It was common knowledge in Washington that bank charters could be gotten in Texas through Camp if they could be gotten. You either got them or didn't get them through Camp."

"That is unusual, that he (Camp) was appointed by Johnson and then reappointed by Nixon," the source said. "Especially in that very critical area for political patronage. The ability to get a bank charter or deny one is a very powerful political weapon."

Asked about his role in bank charters and his relationship with Camp, Jacobsen said, "I am not going to talk about that stuff."

Attempts to reach Connally for com-

ment Wednesday night were unsuccessful.

An aide traveling with him on a campaign swing through Ohio, however, denied Connally used any influence to help win approval of the charter applications.

"No, he didn't. That was strictly Camp's domain," said deputy press secretary Hugh O'Neill.

Earlier attempts to reach Connally through his Washington campaign headquarters failed.

A spokesman in Connally's Washington office earlier said bank charters "come out of the office of the comptroller of the currency, who is totally autonomous in those matters. And the former comptroller of the currency when the governor was secretary is dead."

W.E. DYCH JR., a stockholder in one of the seven banks and an outspoken Connally supporter, termed the com-

mittee inquiry a "political witchhunt" inspired by Proxmire. "They are trying to find something John did wrong," he said.

Julian Read, now handling press communications for Connally's presidential bid, said he thinks the committee inquiry is "politically inspired . . . You are going to hear more and more rumors of all kinds the more head of steam that Connally gains."

"I think this bank thing is as phony as a 3-dollar bill," Read said. "I don't have any evidence, never heard of any suggestion of anything improper or him being involved in any way."

Read, public relations director for Connally's gubernatorial campaigns, bought 2,500 shares of Love Field National Bank at \$10 a share when it was chartered in 1972. He now owns 500 shares.

Read said he had "nothing to do with the organization of the bank."