Suspension of Rebozo From Fla. Bank Urged

By Ronald Kessler
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Sen. William Proxmire (D-Wis.) yesterday called for the immediate suspension of Charles G. (Bebe) Rebozo, President Nixon's close friend, as an officer of Key Biscayne Bank in Florida until an investigation is completed of Rebozo's conduct at the bank.

A Justice Department unit in Miami also said it had begun an inquiry into Rebozo and the bank.

Proxmire, a member of the Senate Banking Committee, requested Rebozo's suspension and an investigation in a letter to Frank Wille, chairman of the Federal Deposit Insurance Corp., which insures deposits at Key Biscayne Bank.

The FDIC, a government agency, is under the jurisdiction of the Banking Committee.

Proxmire's letter referred to two stories that appeared in yesterday's editions of The Washington Post. One said that a sworn statement and other records in a Miami civil case file indicate Rebozo in 1968 cashed $91,500 in stolen stock after he was told by an insurance investigator that it was stolen.

Rebozo had accepted the stock as collateral for a loan from Key Biscayne Bank, of which he is chairman, president and a stockholder. The testimony of Rebozo in the Miami court file indicates he did not check the borrower's credit through a credit bureau.

Rebozo's lawyer said the insurance investigator, who made the sworn statement, had visited Rebozo but did not tell Rebozo the stock was stolen.

The second story referred to by Proxmire reported that Rebozo's bank hired as a vice president in charge of the bank's trust department a man who had been barred less than a year earlier by the Securities and Exchange Commission from being a stock broker.

The SEC order, issued last year, alleged that Franklin S. DeBoer had sold securities unregistered by the SEC in violation of the law; appropriated more than $300,000 of a public company for his own use, and falsified records. The order said DeBoer subsequently returned the money.

The SEC order said DeBoer neither admitted nor denied the charges. DeBoer's lawyer said DeBoer did not contest the charges because it would have been too costly.

Proxmire said that if the allegations in the newspaper articles are true, "I believe they would justify the permanent removal of Rebozo from the Key Biscayne Bank.

"Public confidence in the soundness and integrity of the Key Biscayne Bank can hardly be enhanced if its chief executive officer is engaging in the practice of making unsafe loans contrary to prudent banking practices, or selling stolen securities to unsuspecting investors, or staffing the bank with men in trouble with the SEC," the senator asserted.

Proxmire also urged the FDIC to investigate a charge that Rebozo "maintained a $100,000 secret fund from billionaire Howard Hughes in possible violation of federal criminal laws."

In requesting Rebozo's permanent removal from the bank if any of the allegations prove accurate, Proxmire cited federal laws empowering the FDIC to remove bank officers who have acted illegally or dishonestly.

"The purpose of this letter," Proxmire wrote, "is to urge that you use your authority under the FDIC act to order the immediate suspension of Rebozo from the Key Biscayne Bank pending a thorough investigation by your agency of the allegations raised in The Post articles."

Another probe of the allegations against Rebozo was begun yesterday by the Justice Department's Miami Strike Force.

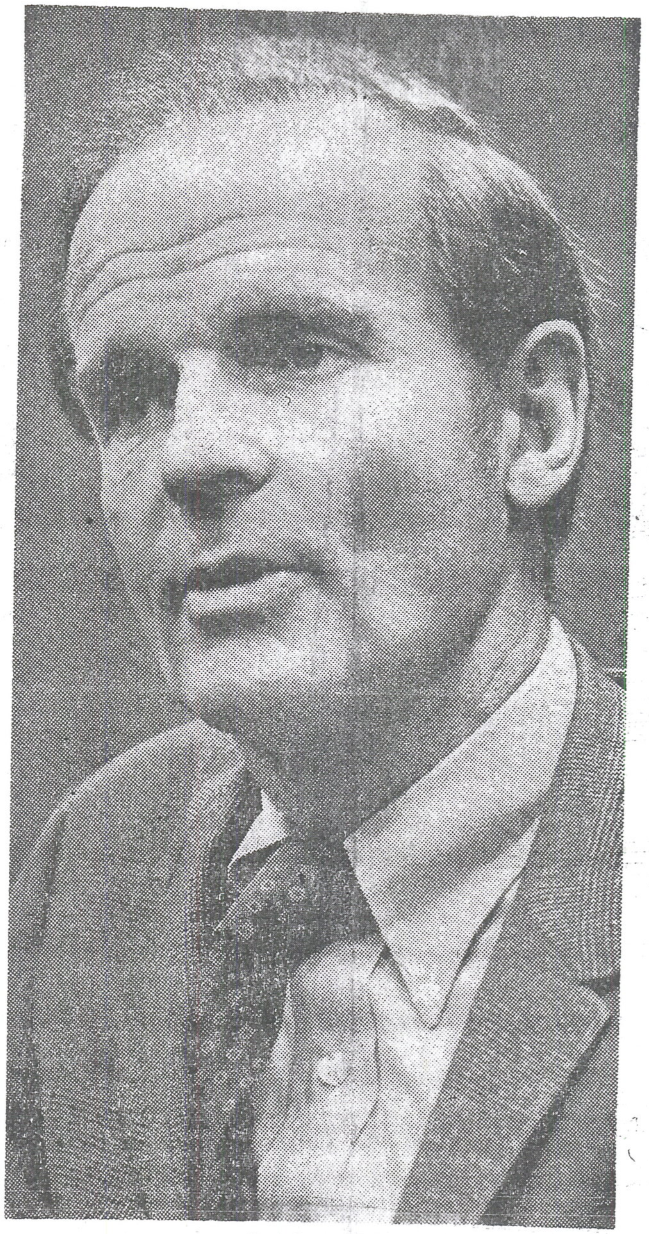
The Strike Force brought indictments in 1970 against eight persons, four of them identified as members or associate members of the Mafia, for conspiring to steal the stock that ended up as collateral for a loan from Rebozo's bank.

At the time of the indictments, prosecutors said they had developed no evidence indicating Rebozo was involved in the plot or was aware the stock that he cashed after canceling the loan was stolen.

Dougald D. McMillan, chief of the Strike Force, said yesterday that he had obtained copies of the insurance investigator's sworn statement and other records in the Miami civil case file.

"We're pursuing it," he said.

Federal law provides a jail term of up to 10 years or a fine of up to $10,000, or both, for anyone who knowingly stores, sells, disposes of, or accepts as collateral for a loan securities that have been stolen or unlawfully converted in interstate commerce.



By Gerald Martineau—The Washington Post

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