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Apalachin, NY 13732
May 11, 1990

Dear Brian:

I had a chance to watch C-SPAN this morning, where many of the call-in questions centered on Charles Keating and the S&L "mess."

I am curious; why do we focus only on surface problems and assessing blame on the TOP "players" in the S&L problems?

Without in any way judging whether or not Charles Keating is guilty of crime, I think we MUST question the ENTIRE money trail. WHY was so much of it "needed" by projects? That's the crux of the whole matter. Otherwise, countdown to the next debacle!

Follow the money trail all the way! Remember the changes in regulations (not of HOW money was monitored, but WHERE it could come from) that started the flood of interstate mail solicitations which cajoled middle and lower income citizens from all over the country to keep switching their money to Podunk S&Ls six states away. "Bank by mail and get higher interest. Don't be a schnook and bank at the corner with the rates a gigantic quarter percent lower than our generous ones." And where the bankers know their customers and where the money stays in the community where you can WATCH it being spent, they neglected to add!

Careful-saver mindsets were changed. The first step on the way to the mess. Changing the mindset of the public to lull it into not questioning further high-finance by high-rollers. That played into the trend of everyone "needing" to "manage money and get rich quick." Next step into the mess!

Further step and the most insidious, because it plays into the high cost of medicine and the high cost of Medicare and the high cost of welfare, etc: Medical practices misused their "professional corporations meant to help them bear the high cost of setting up their offices and the high liability and the high cost of getting an education, etc." Investments became too easy; health concerns played into the hands of those looking to increase their gross incomes and lifestyles.

Did we not have the twin jeopardy game of banking-married-to-medical services? Why has no one questioned how so many professional people, doctors, dentists, etc., high on the lifestyle lists, became "limited partners" in so many projects so far from their home territory? And in projects they had no closer relationship with than ripping open the balance sheets from their money managers? Is there a connection between the investors in the massive projects financed with junk bond-style financing and the medical costs that rise faster than the rate of inflation and the overbuilding of medical real estate complexes, and the quick turnovers in the original limited partnerships?

How many high-level professional people of all kinds are the real culprits in the S&L loans by both scarfing up large portions of the economy to boost investments in personal portfolios, and simultaneously escaping a fairer share of taxes by writing off that portion of their income? It is the "distancing" from involvement coupled with the manipulating of the intent of the original investment tax laws that causes much of our problem with S&L style debacles. Add to that the ability to adjust fees or salaries to suit personal income desires and you had multiple time bombs ticking. Too much investment was going into projects meant to provide added personal income with low risk and get-out-quick provisions.

How many of the projects financed by bad loans were actually needed, used or kept up later? How much of our "median cost of real estate" is manipulated, which puts the squeeze on that segment of the economy least able to pay for either real estate or needed professional services, and encourages the investment plans of those providing the high cost services?

We would not be in this mess if we hadn't had the society that "jack" built. If each segment of the economy had stuck closer to doing what it was qualified for, instead of opting to become high-level crap-shoot players; if money "earned" came from services provided instead of from manipulating the need and cost of services; if average citizens hadn't been suckered to provide the legitimacy for the funds-to-rob, would we be in this no-win situation?

When you get right down to it, we are in the mess because we never connect up any dots beyond the one right next to the completed picture needed to sling blame on the nearest target. Once the blame is slung, the picture is completely erased and the con artists start on the next one!

If you doubt that, assess the call-in questions. Most are preceded by stock "party line" introductions from BOTH sides of any question. Here and there are a few gleaming kernels that should be followed up on. They are usually lost in the "party line" ANSWERS of the journalists! Then next question. Next blame-slinging. Next TOPIC!

Dig deeper. For the right reason. Get at the cause, not the blame. Then spotlight the cause and stick to it, don't just set the stage for the next coronation and the next obligatory hanging! The can of worms has only a pinhole punched in it!

Sincerely,

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