

TRUST OR HUSTLE: The Bush Record

David E. Scheim

Introduction

George W. Bush proclaims himself a man of integrity, but is in fact in the thick of the most scandal-ridden family in recent U.S. politics. Most noteworthy are the cover-up of his own Harken stock sale and the links of brother Jeb, with whom he campaigns frequently, to both an S&L collapse and Medicare fraud.

This report consists of three sections: summary, detailed review, and additional information (full details and documentation). Jeb's financial dealings and new developments on the Bush stock cover-up are detailed in the third section below.

Summary

“What you’ve got with Bush [George senior] is absolutely the largest number of siblings and children involved in what looks like a never-ending hustle.”

- Republican pundit Kevin Philips.¹

In 1992 under Bush Sr., taxpayers were stuck with a \$500 billion S&L bailout² and the largest budget deficit in U.S. history. After eight years under Clinton-Gore, we now have the largest surpluses ever. Coincidence? Consider the Bush family financial record:

GEORGE W. BUSH: Refused to answer news questions about an \$848,000 stock sale probed by the Securities and Exchange Commission (SEC).³ Bush later claimed he was exonerated by the SEC when the SEC's report on the probe specifically stated he was not exonerated.⁴ *US News and World Report* compared his financial record to brother Neil's.⁵

BROTHER JEB (campaigned recently with George): Lobbied to enable a Mob-linked Florida HMO to receive \$1 billion in Medicare payments; its owner later fled the U.S. under indictment, suspected of up to \$100 million in Medicare fraud.⁶ Jeb helped trigger the \$285 million collapse of a Florida S&L by defaulting on a \$4.5 million loan that was arranged thru a front with no repayment schedule specified.⁷

BROTHER NEIL: Played a key role in the \$1 billion collapse of Silverado Banking in Denver.⁸

UNCLE JONATHAN: Fined in two states for violating securities laws.⁹

UNCLE PRESCOTT: Arranged investments for a Japanese Mob front in two U.S. firms; both later filed for bankruptcy.¹⁰

GEORGE SR.: Disbanded the independent federal organized crime strike forces, which had been successfully prosecuting S&L looters.¹¹

Republican pundit Kevin Phillips called this Bush family record a “never-ending hustle.”¹² Do we really want this bunch to do to privatized social security what they did to the S&Ls?

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1. *Washington Post*, 7/4/1992, p. A1.
 2. *LA Times*, 7/31/1990, p. 1.
 3. *Wall Street Journal*, 4/4/91, p. A4; *US News and World Report*, 3/16/1992, pp. 57-59; *Wall Street Journal*, 9/28/1999, p. A26.
 4. *Washington Post*, 7/30/1999, p. A1.
 5. *US News and World Report*, 3/16/1992, pp. 57-59.
 6. *Wall Street Journal*, 8/9/1988, p. A1; *Austin American- Statesman*, 5/17/92, p. G1.
 7. *Washington Post*, 10/15/1990, p. A24.
 8. *Washington Post*, 7/4/1992, p. A1.
 9. *Washington Post*, 7/4/1992, p. A1.
 10. *Wall Street Journal*, 12/6/1991, p. A4; *Washington Post*, 7/4/1992, p. A1.
 11. *Washington Post*, 12/28/1989, p. A21; *San Diego Union-Tribune*, 1/1/1990, p. B8.
 12. *Washington Post*, 7/4/1992, p. A1.

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Details

“What you’ve got with Bush [George senior] is absolutely the largest number of siblings and children involved in what looks like a never-ending hustle.”

- Republican pundit Kevin Philips.¹

While opportunism isn’t new in U.S. politics, never did so many in one family extract so many dollars from taxpayers as when George Bush senior was president a decade ago. As documented below from impeccable cited sources, the exploits of six Bushes, including George W., range from stock sales that were probed or sanctioned to arranging U.S. business investments for a Japanese Mob front. They range from lobbying for a Mafia-linked businessman that enabled massive Medicare fraud to misconduct that helped trigger S&L collapses costing taxpayers \$1.2 billion.

It was thus not entirely coincidental that under Bush senior in 1992, U.S. taxpayers faced a \$500 billion S&L bailout² and the largest ever budget deficit, \$290 billion. This contrasts with the largest surpluses ever under Clinton-Gore. George W. Bush asks for trust, yet his evasions about his own dealings and recent campaigning with brother Jeb immerse him within a family financial scandal of alarming scope.

NEIL BUSH (George W’s brother) was a principal in the 1988 collapse of Silverado Banking in Denver, which cost taxpayers \$1 billion. Neil approved \$132 million in unrepaid loans from Silverado to two business partners, who in turn arranged payments to Neil totaling \$650,000.³

JEB BUSH (George W’s brother) and a partner defaulted on a \$4.5 million loan from a Florida S&L in 1988. The default helped trigger the S&L’s collapse, which cost taxpayers \$222 million. Bush and partner repaid only ten percent of the irregular loan and, incredibly, also got to keep the real estate that collateralized it.⁴

In 1985, Jeb lobbied the federal government on behalf of Miami HMO owner Miguel Recarey to increase Recarey’s Medicare business ultimately to a total of \$1 billion. The following year, Jeb received \$75,000 from Recarey. Recarey, who had longstanding business ties to the late Florida Mafia boss Santos Trafficante, subsequently fled the U.S. under indictment, suspected of up to \$100 million in Medicare fraud.⁵

GEORGE W. BUSH. On June 20, 1990, Bush, a director of Harken Energy, sold the bulk of his Harken stock for \$848,000. A week later, the stock plummeted in value on news of a large quarterly loss. Bush claimed that he had submitted a required report about the stock sale but it had somehow disappeared.⁶ Bush refused repeated requests from both *The Wall Street Journal*⁷ and *U.S. News and World Reports*⁸ to discuss the stock sale.

A federal (SEC) probe of Bush's stock sale terminated without charging or exonerating Bush.⁹ But as *Time* reported, it was widely assumed that insider knowledge prompted the sale.¹⁰ *The Wall Street Journal* reported other suspicious circumstances concerning Bush's involvement with Harken Energy.¹¹

Throughout his business career, George W. was bailed out by influential contacts for plays, as *The Wall Street Journal* put it, that "did not quite make the grade."¹² An example was a 1989 baseball deal financed in part "out of respect for his father" that ultimately earned George W. \$15 million on a \$600,000 investment.¹³ Such financial windfalls were important for Bush, who, as *Newsweek* summarized, "was an academic slacker [at Yale], a mediocre athlete, a member of the Texas Air National Guard during the Vietnam War and an unsuccessful oilman."¹⁴

GEORGE BUSH, SENIOR. The late Jonathan Kwitny, an award-winning journalist for PBS and *The Wall Street Journal*, detailed links of George Bush senior to S&L fraud beneficiaries nationwide.¹⁵ Under Bush, Kwitny reported, "investigations were called off, proposed fraud charges weren't brought, and President Bush continued to pal around with investigative targets who got off scot-free." Among Bush's several pals in the S&L bonanza crowd named by Kwitny was Joe Russo, who owned one failed S&L and defaulted on multimillion-dollar loans from five others.¹⁶

JONATHAN BUSH. In 1991, George senior's brother Jonathan was fined \$30,000 in Massachusetts and \$4,000 in Connecticut for violating registration laws governing securities sales. Jonathan was barred from securities brokerage with the general public in Massachusetts for one year.¹⁷

PRESCOTT BUSH. In 1989, Prescott Bush, a brother of George senior, arranged investments by a Japanese Mob front company in two U.S. firms, for which he was paid \$500,000. The underworld front ultimately gained a controlling interest in both U.S. firms, and both subsequently filed for bankruptcy.¹⁸ Bush denied knowledge of the underworld's role in these deals, which came under investigation by Japanese police and in the U.S.¹⁹

George W's talk of integrity and plans for privatized social security appear to be somewhat of a hustle considering this Bush family record and what happened to the S&Ls during his father's presidency. George W. may have trouble

convincing U.S. voters to reinstate Bush family ethics and economics as national policy.

1. *Washington Post*, 7/4/1992, p. A1.
2. *LA Times*, 7/31/1990, p. 1.
3. *LA Times*, 5/10/1992, p. 1; *Washington Post*, 7/4/1992, p. A1.
4. *Washington Post*, 10/15/1990, p. A24; *Austin American- Statesman*, 5/17/92, p. G1.
5. *Wall Street Journal*, 8/9/1988, p. A1; *Austin American- Statesman*, 5/17/92, p. G1.
6. *US News and World Report*, 3/16/1992, pp. 57-59; *Wall Street Journal*, 9/28/1999, p. A26.
7. *Wall Street Journal*, 4/4/91, p. A4.
8. *US News and World Report*, 3/16/1992, pp. 57-59.
9. *Washington Post*, 7/30/1999, p. A1.
10. *Time*, 6/21/1999, p. 34ff.
11. *Wall Street Journal*, 9/28/1999, p. A26; 12/6/1991, p. A1.
12. *Wall Street Journal*, 9/28/1999, p. A26; see also sources below.
13. *NY Times* 5/8/1999, p. 1; *Washington Post* 7/25/2000, p. A1, 7/30/1999, p. A1, 7/31/1999, p. A1.
14. *Newsweek*, 11/22/99, p. 47.
15. *Village Voice*, 10/20/92, pp. 24ff.
16. *Ibid.*
17. *Boston Globe*, 7/26/1991, p. 1; *Wall Street Journal*, 3/11/1991, p. A6B.
18. *Washington Post*, 7/4/1992, p. A1; *LA Times*, 6/11/1991, p. 10; *Wall Street Journal*, 12/6/1991, p. A4.
19. *Wall Street Journal*, 9/9/1992, p. C15; *Wall Street Journal Europe*, 7/11/1991, p. 12.

Additional information

BACKGROUND ON THE S&L BAILOUT. The failure of hundreds of U.S. Savings and Loans during the 1980s, as detailed in such sources as Stephen Pizzo's *Inside Job*¹ and Pete Brewton's *Untold Story*,² cost U.S. taxpayers an estimated \$500 billion.³ A U.S. House committee concluded that over three-quarters of all S&L insolvencies appeared to be linked to serious misconduct by senior insiders or outsiders.⁴ In 1988, the comptroller of the currency found that less than 10 percent of recent bank failures had been caused solely by economic factors.⁵

One indication of the role of criminal conduct in S&L losses was the workings of just one New York figure, Mario Renda, who worked in conjunction with the Mob, according to a sworn federal deposition.⁶ Renda brokered as much as \$5 billion per year in deposits into 130 S&Ls across the county, all of which failed.⁷ As Kwitny noted, "many of these deposits were made on the specific

condition that the S&Ls would lend money out to borrowers Renda would recommend, who turned out to be local Mafia people or strangers from out-of-state.”⁸

The Bush family’s dealings illustrate some of the ways this S&L loot was extracted. In some loan transactions, money was simply siphoned out fraudulently to outsiders under lucrative arrangements with bank directors; Neil Bush’s record illustrates these type of transactions. In other instances, as exemplified by Jeb’s S&L dealings, loans were made for speculative investments or ventures without attempts to secure repayment if they were not profitable. Political connections often helped protect S&L misconduct;⁹ in the Bush’s case, George senior’s record demonstrated laxity toward the perpetrators, several of whom were in his own social circles.

1. Stephen Pizzo, Mary Fricker and Paul Muolo, *Inside Job: The Looting of America’s Savings and Loans*. New York: McGraw- Hill, 1989.

2. New York: SPI Books, 1992.

3. *LA Times*, 7/31/1990, p. 1.

4. Pizzo, *Inside Job*, p. 305.

5. *Ibid.*

6. 123-6, 302

7. Jonathan Kwitny, “How Bush’s Pals Broke the Banks,” *The Village Voice*, 10/20/1992, p. 27.

8. *Ibid.*

9. *Id.*, pp. 24ff.

NEIL BUSH. In 1990, federal regulators filed a \$200-million lawsuit against Neil Bush and other officers of the Silverado Banking, accusing them of “gross negligence” contributing to its \$1 billion collapse.¹ “Our conclusion is that Silverado was the victim of sophisticated schemes and abuses by insiders and of gross negligence by its directors and outside professionals,” FDIC Senior Deputy General Counsel Douglas H. Jones said in a statement.²

Bush was reprimanded by the Office of Thrift Supervision for “multiple conflicts of interest” as a paid director of the S&L, including his approval of \$132 million in loans from Silverado to two business partners, Bill Walters and Kenneth Good.³ Bush, in turn, had received \$550,000 in salaries from a company funded by Walters and Good plus a \$100,000 loan from Good that was subsequently forgiven.⁴ Walters and Good looted an estimated \$330 million from Silverado; one Silverado director had shared instructions on how to establish family trusts to protect such secreted funds from repossession by the government.⁵

A top federal regulator testified to Congress that Washington officials postponed Silverado's shutdown from October to December 1988, after George Bush's presidential campaign was successfully culminated.⁶ The director of the Office of Thrift Supervision asked the Treasury Department to investigate whether political considerations caused the delay, but no such probe was conducted.⁷ Neil got off paying only \$50,000 in a settlement of the \$200 million federal suit against him other Silverado directors.⁸ He didn't have to worry about his \$250,000 legal bill, as Thomas Ashley, a friend of George Bush senior and the head of a banking association that was lobbying the federal government for bank deregulation, formed a legal defense fund to pay the bills.⁹

1. *LA Times*, 9/23/1990, p. 1.

2. *Ibid.*

3. *LA Times*, 5/10/1992, p. 1; *The Washington Post*, 7/4/1992, p. A1.

4. *Ibid.*

5. Kwitny, *The Village Voice*, 10/20/1992, p. 32.

6. *LA Times*, 5/10/1992, p. 1.

7. *Ibid.*

8. *Ibid.*

9. *Ibid.*

JEB BUSH. In 1987, Miguel Recarey, a longstanding business associate of Tampa Mafia boss Santos Trafficante, fled the U.S. under three indictments for labor racketeering, illegal wiretapping, and Medicare fraud.¹ His firm, International Medical Centers (IMC), which was America's largest health maintenance organization for the elderly and which had received \$1 billion in Medicare funds, collapsed.² Recarey's HMO left \$222 million in unpaid bills,³ and was suspected of up to \$100 million in Medicare fraud.⁴ "IMC is the classic case of embezzlement of government funds," said William Teich, who headed the U.S. Office of Labor Racketeering in Miami. Teich called it a "bust-out operation" where money was "drained out the back door" and disappeared down "a black hole."⁵

But in 1985, Recarey had faced a major obstacle to building his Medicare empire: a Department of Health and Human Services (HHS) regulation that restricted an HMO to drawing no more than 50% of its revenue from Medicare.⁶ Jeb Bush came to the rescue: he called both HHS Secretary Margaret Heckler and a top aide, C. McLain Haddow and successfully convinced them to waive the regulation for Recarey, Haddow testified to Congress.⁷ Bush's lobbying of HHS took place during the same period that top-level Republican lobbyists whom Recarey had hired for \$1 million were also courting HHS for the waiver.⁸ Bush said that he did not recall making

any calls to Heckler or Haddow, but confirmed that he made one call on Recarey's behalf to Haddow's assistant, to secure Recarey a "fair hearing" within HHS.⁹

Haddow added in a news interview that in November 1984, Jeb had also called Heckler and Haddow for Recarey about another problem - complaints to HHS from doctors and patients about IMC's medical care and allegations that Recarey had embezzled funds a few years earlier from another hospital.¹⁰ Bush had told Haddow that "contrary to any rumors that were floating around concerning Mr. Recarey, that he was a solid citizen from Mr. Bush's perspective down there [in Miami], that he was a good community citizen and a good supporter of the Republican Party."¹¹

In 1986, the year after he successfully lobbied HHS to allow Recarey's Medicare business to grow ultimately to a total of \$1 billion, Jeb Bush's small real estate firm received \$75,000 from Recarey's HMO for the purpose of finding it a new headquarters.¹² Bush said that the payment was unrelated to his lobbying for Recarey.¹³ But Bush never did actually locate a headquarters for IMC, and the record suggests that the HMO had already selected the headquarters it ultimately moved into when it hired Bush.¹⁴ Jeb confirmed that he received \$75,000 from Recarey without closing any real estate deals.¹⁵

Jeb's defaulted loan from Broward Federal Savings and Loan in Sunrise, Florida transpired as follows.¹⁶ On February 1, 1985, Broward Federal loaned \$4,565,000 to real estate developer J. Edward Houston, secured only by Houston's personal guarantee. The same day, a company headed by Houston turned around and loaned the same amount to a partnership of Jeb Bush and Miami real estate developer Armondo Codina for them to buy a five-story building in Miami's financial district.

Curiously, the Bush-Codina partnership was required to repay the loan from Houston "only as, if and to the extent that the cash flow from the building was sufficient to support those payments." In fact, Bush and Codina made no payments at all on the loan prior to the final default settlement. In 1987 Houston defaulted on the \$4.5 million Broward Federal loan, and the S&L sued both him and the Bush-Codina partnership. In an unusual settlement with the FDIC, Bush and Codina were obligated to repay just \$500,000 of the loan and got to keep the building in the Miami financial district that collateralized the loan.

In 1991, federal regulators sued the officers and directors of Broward, charging that the loan used by Bush and Codina cost the savings and loan at least \$4.97 million and was representative of the association's negligent lending practices.¹⁷ The Bush-Codina loan contributed to the collapse of the Florida S&L, which cost taxpayers \$285 million.¹⁸

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1. *Wall Street Journal*, 8/9/1988, p. A1.
 2. *Ibid.*; *Newsday*, 10/3/1988, p. 4.
 3. *Wall Street Journal*, 8/9/1988, p. A1.
 4. *Austin American- Statesman*, 5/17/92, p. G1.
 5. *Wall Street Journal*, 8/9/1988, p. A1.
 6. *Wall Street Journal*, 8/9/1988, p. A1; *Newsday*, 10/3/1988, p. 4.
 7. *Ibid.*
 8. *Ibid.*
 9. *Wall Street Journal*, 8/9/1988, p. A1; *Newsday*, 10/3/1988, p. 4.
 10. *Newsday*, 10/3/1988, p. 4
 11. *Ibid.*
 12. *Wall Street Journal*, 8/9/1988, p. A1; *Newsday*, 10/3/1988, p. 4.
 13. *Ibid.*
 14. *Newsday*, 10/3/1988, p. 4.
 15. *Ibid.*
 16. *Washington Post*, 10/15/1990, p. A24.
 17. *Austin American- Statesman*, 5/17/92, p. G1.
 18. *Washington Post*, 10/15/1990, p. A24.

GEORGE W. BUSH. In 1992, *US News and World Report* concluded that in one important respect, “George W. Bush has less in common with his father than with his younger brother Neil,” having “also benefited from some questionable but less well-known business associations.”¹ It noted, in particular, that

Bush sold \$828,560 worth of Harken stock [on June 20, 1990] just one week before the company stock posted unusually poor quarterly earnings and Harken stock plunged sharply. Shares lost more than 60% of their value over 6 months. When Bush sold his shares, he was a member of a company committee studying the effect of Harken’s restructuring, a move to appease anxious creditors. According to documents on file with the Securities and Exchange Commission, his position on the Harken committee gave Bush detailed knowledge of the company’s deteriorating financial condition. The SEC received word of Bush’s trade eight months late. Bush has said he filed the notice but that is was lost.²

UPDATE. On September 7, 2000, *Associated Press* reported that U.S. Securities and Exchange Commission documents newly released under the Freedom of Information act demonstrated that before he sold the stock, George W. Bush was fully aware that Harken was suffering from a severe cash crisis

and was poised to lose millions.³ Two months before the stock sale, Harken President Mikel Faulkner had told Bush and other directors that “the full capacity of the company is dedicated toward resolving this liquidity crisis.”⁴

Bush’s lawyer, Robert Jordan, explained that these documents had been provided to the SEC a decade ago and contributed to its finding that Bush’s trading was appropriate.⁵ Jordan also related some circumstances of the trade that he said demonstrated this was the case.⁶

In fact, however, the SEC had not exonerated Bush. On October 18, 1993, Bruce A. Hiler, the SEC’s associate director for enforcement, wrote a letter to Bush’s lawyer stating that “the investigation has been terminated as to the conduct of Mr. Bush, and that, at this time, no enforcement action is contemplated with respect to him.”⁷ Bush claimed he had been cleared, and the head of the SEC’s enforcement division, William McLucas, went beyond the letter and stated that “there was no case there.”⁸

Yet Hiler’s official letter had added that it “must *in no way be construed* as indicating that the party has been exonerated or that no action may ultimately result from the staff’s investigation [emphasis added].”⁹ It is also noteworthy that the head of the SEC at the time of the probe was a staunch supporter of then-President Bush, as was the SEC’s general counsel (who later acted as George W’s private attorney),¹⁰ which could provide some context for McLucas’s differing perspective.

While Bush’s lawyer, Robert Jordan, readily explained away Bush’s stock sale a decade after the fact, all parties involved were less talkative when the incident was initially reported. George W. declined repeated requests for interviews from *U.S. News and World Reports* in 1992, explaining that he “[did] not wish to read about himself.”¹¹ He likewise declined phone calls from *The Wall Street Journal* seeking comment.¹² When questioned in 1999 by *The Washington Post*, Jordan, who had also represented Harken, referred to a Harken communiqué and minutes that he claimed would support his story, but refused to provide them.¹³ The company president, who had spoken with reporters on several prior occasions, refused the *Post*’s request for an interview about Bush’s stock sale, as did the company counsel.¹⁴

Indeed, Bush’s delayed explanation for his Harken sale is questionable, especially in the context of financial misconduct by several others in his family and of Bush’s lack of credibility concerning a recent campaign impropriety. Also questionable were, as *The Wall Street Journal* detailed, Harken’s links to the infamous Bank of Credit and Commerce International (BCCI), which was shut down in 1991 after a \$10 billion global looting spree.¹⁵ “The mosaic of BCCI connections surrounding Harken Energy may prove nothing more than

how ubiquitous the rogue bank's ties were," *The Wall Street Journal* noted. "But the number of BCCI-connected people who had dealings with Harken -- all since George W. Bush came on board -- likewise raises the question of whether they mask an effort to cozy up to a presidential son."¹⁶

George W's financial history exhibits other similarities to brother Neil's. Just as Apex Energy paid Neil Bush over \$300,000 in salaries and oil deed compensation while on the verge of insolvency,¹⁷ Harken, despite its small size, poor performance and large losses, paid unusually high salaries and benefits to Bush and other directors.¹⁸ Although Harken, as *US News and World Report* noted, was "characterized by a pattern of financial deal making so burdened with debt and tangled stock swaps that its largest creditors threatened to shut the company down," Bush and other directors were allowed to purchase stock options at a 40% discount through company loans that were often forgiven.¹⁹

In 1990, without any experience drilling an oil well overseas or in water, Harken received a contract to drill offshore wildcat wells from the government of Bahrain, reminiscent of a contract Neil Bush's small oil firm had received in 1987 to drill for oil in Argentina.²⁰ Bahrain officials explained they had no idea the President's son was involved with Harken, but a Harken source told *The New York Times* there was "never any question" about George W. Bush's involvement.²¹

The Wall Street Journal noted that in his purchase of the Texas Rangers baseball team, following "a pattern repeated through his business career, Mr. Bush's play did not quite make the grade."²² In 1989, an investment group he led was given preferential treatment to buy the Texas Rangers baseball team by its seller, a friend of George senior.²³ When his bid proved deficient, baseball commissioner Peter Ueberroth brought another financier into the deal; he did this in part "out of respect for his father," President Bush, according to a source close to the negotiations.²⁴ Bush later successfully promoted a controversial arrangement in which the City of Arlington provided a \$135 million subsidy for a new ballpark, funded by a sales tax increase, with an option for the team to repurchase the park at a vastly reduced price.²⁵ The upshot was that George W. earned \$15 million on a \$600,000 investment when he sold his share of the team in 1998.²⁶

1. *US News and World Report*, 3/16/1992, pp. 57-59.

2. *Ibid.*

3. Peter Yost, "Crisis at Bush's Oil Company," *AP Online*, 9/7/2000.

4. *Ibid.*

5. *Ibid.*

6. *Ibid.*
7. *Washington Post*, 7/30/1999, p. A1.
8. *Ibid.*
9. *Ibid.*
10. Peter Yost, "Crisis at Bush's Oil Company," *AP Online*, 9/7/2000.
11. *US News and World Report*, 3/16/1992, pp. 57-59.
12. *Wall Street Journal*, 4/4/91, p. A4.
13. *Washington Post*, 7/30/1999, p. A1.
14. *Ibid.*
15. *Wall Street Journal*, 12/6/1991, p. A4; see *Wall Street Journal*, 9/28/1999, p. A26.
16. *Ibid.*
17. *San Francisco Examiner*, 9/15/92, p. A9; *LA Times*, 5/10/1992, p. 1; *Washington Post*, 7/4/1992, p. A1.
18. *US News and World Report*, 3/16/1992, pp. 57-59.
19. *Ibid.*
20. *Wall Street Journal*, 12/6/1991, p. A4.
21. *Wall Street Journal*, 9/28/1999, p. A26.
22. *Ibid.*
23. *Ibid.*; *NY Times* 5/8/1999, p. 1.
24. *Wall Street Journal*, 9/28/1999, p. A26; *NY Times*, 5/8/1999, p. 1.
25. *Washington Post* 7/25/2000, p. A1, 7/31/1999, p. A1.
26. *Wall Street Journal*, 9/28/1999, p. A26.

GEORGE BUSH, SENIOR. A 20,000-word report by the late Jonathan Kwitny, an award-winning investigative journalist for PBS and *The Wall Street Journal*, on President Bush's record with respect to S&L misconduct, is excerpted here. Also noteworthy was the disbanding of the federal independent strike forces against organized crime during the first year of Bush's presidency.

In December 1989, the Bush Administration dismantled all 14 of the regional strike forces and folded them into the Justice Department.¹ Attorney General Richard Thornburgh took this step despite widespread protests from Congress and law enforcement officials that it would cripple federal efforts against

organized crime.² Indeed, during their two decades of operation, the independent strike forces had made enormous progress against organized crime, and had played key roles in convictions of Mafia bosses in major U.S. cities throughout the country.³ In contrast, after strike forces were abolished in New Orleans, New York City, Pittsburgh and St. Louis in 1977 years ago by then-Assistant Attorney General Thornburgh, gangland-related crime increased in each city, and the New Orleans strike force was subsequently re-established under the Carter administration.⁴

A federal strike force against organized crime in Miami had brought an indictment against Miguel Recarey,⁵ for whom Jeb Bush had successfully lobbied the federal government, while others such strike forces nationwide prosecuted Mob figures involved in S&L fraud.⁶ Strike Force efforts helped convict, among others, Mario Renda, who, working with the Mob, brokered deposits into 130 S&Ls nationwide, all of which failed.

1. *Washington Post*, 12/28/1989, p. A21; *San Diego Union-Tribune*, 1/1/1990, p. B8.

2. *Ibid.*

3. *San Diego Union-Tribune*, 1/1/1990, p. B8.

4. *Ibid.*

5. *Wall Street Journal*, 8/9/1988, p. A1.

6. Pizzo, *Inside Job*, pp. pp. 112, 120-23, 303, 337.

JONATHAN BUSH. The securities chief for the Massachusetts Secretary of State, Neal Sullivan, said that Jonathan Bush compounded his situation by taking a “cavalier” attitude toward the violation of the Uniform Securities Act when he continued to carry out stock transactions within the state even as state regulators were negotiating a consent decree with him. “That created great concern for us. We were dismayed,” Sullivan commented. “Anyone who has been notified that he is violating state law and continues to do so certainly exemplifies a cavalier attitude toward the registration laws.” Sullivan also said that Bush, an experienced stockbroker, could not explain his failure to register in the state as a technical or minor issue. “Any time you have 880 transactions over several years, I wouldn’t characterize that as minor,” he said.¹

1. *Boston Globe*, 7/26/1991, p. 1

PRESCOTT BUSH. In 1989, when Japanese organized crime elements were seeking to extend their financial interests into the U.S.,¹ Prescott Bush arranged investments by a Japanese Mob front company in two U.S. businesses and a large piece of U.S. land.² The Japanese company, West Tsusho, was identified by Japanese police as a front company for one of Japan’s largest organized

crime syndicates.³ Bush was paid \$500,000 for help in arranging the company's purchase of a controlling interest of one U.S. firm, Assets Management,⁴ and also helped the Japanese Mob front to invest in Quantam access, a U.S. software firm; it ultimately took complete control.⁵ Both U.S. companies subsequently filed for bankruptcy.⁶ Bush denied any knowledge of the Japanese Mob's role in these deals,⁷ which came under investigation by both a U.S. bankruptcy court-appointed trustee,⁸ and the Japanese police.⁹

Also in 1989, Prescott flew twice to China as a paid advisor for Assets Management to promote a company plan to link Chinese universities and businesses into a Satellite communications network.¹⁰ Later that year, President Bush granted a national security waiver for the sale of two Hughes Aircraft company satellites to China, a move that Assets Management officials described as advantageous for its proposed plans.¹¹

1. *LA Times*, 8/1/1991, p. 1.

2. *Ibid.*; *Washington Post*, 7/4/1992, p. A1

3. *Washington Post*, 7/4/1992, p. A1.

4. *Ibid.*; *LA Times*, 6/11/1991, p. 10.

5. *Washington Post*, 7/4/1992, p. A1.

6. *Ibid.*; *Wall Street Journal*, 12/6/1991, p. A4

7. *Washington Post*, 7/4/1992, p. A1.

8. *Wall Street Journal*, 9/9/1992, p. C15.

9. *Wall Street Journal Europe*, 7/11/1991, p. 12.

10. *Washington Post*, 7/4/1992, p. A1.

11. *Ibid.*

BUSH'S LACK OF CREDIBILITY CONCERNING A RECENT CAMPAIGN IMPROPRIETY. In September 2000, the Bush campaign ran a television ad attacking the Democrats prescription drug plan in which the word "RATS" flashed on the screen for one-thirtieth of a second.¹ The FCC commenced a probe as to whether the ad violated its policy against subliminal advertising.²

Republican strategist Ralph Reed, who ran Bob Dole's 1996 presidential campaign, said that he could not believe the word "rats" was inserted accidentally or inadvertently, and that "someone ought to have the grace to resign."³ Dartmouth political scientist Lynn Vavreck observed, "the word 'Rats' was clearly put there intentionally. Somebody made this frame specifically. You can see the word is in a larger font and comes on top of the previous text," she said.⁴

Yet when questioned by reporters, Bush said the idea that his campaign was flashing subliminal messages was absurd, adding “conspiracy theories abound in America’s politics.”⁵

1. “Bush Campaign Struggles with ‘Rats’ ad,” *Reuters English News Service*, 9/13/00; *Seattle Times*, 9/13/00, p. A1.

2. “USA: FCC to review broadcast of Republican ‘RATS’ ad,” *Reuters English News Service*, 9/13/00; *LA Times*, 9/14/00, p. A22.

3. “Bush Campaign Struggles with ‘Rats’ ad,” *Reuters English News Service*, 9/13/00; *Seattle Times*, 9/13/00, p. A1.

4. *Ibid.*

5. *Ibid.*

THE TWICE-REVISED STORY OF LAURA BUSH’S AUTO FATALITY. On November 6, 1963, when she was 17, George W. Bush's wife Laura, then Laura Welch, drove past a stop sign and crashed into a car in Midland, Texas, killing the other driver, Michael Douglas, also 17.¹ This tragic mistake in Laura's youth is not relevant to George W’s record; the same cannot be said for the succession of changing stories about the crash that were released last May, clarified only in the end by Bush sources.

Police records on the crash were withheld until last Spring, when, in response to a Freedom of Information request, Texas Attorney General John Cornyn ruled that they should be made public.² An initially released, abbreviated police report which failed to mention that Laura ran a stop sign was followed by release on May 3 of a full police report by Midland City Attorney Keith Stretcher.³ The full report noted that point, but also included the bizarre and distracting twist that the victim was Laura’s boyfriend,⁴ which Laura subsequently denied.

Laura and a passenger in her car were treated for minor injuries after the crash.⁵ The police report listed two violations by Laura as contributing to the accident; one was “disregard stop sign or light,” and the other was illegible.⁶ Her speed prior to the crash as recorded in the report was also illegible.⁷

1. *Dallas Morning News*, 5/4/2000, p. 29A.

2. *Ibid.*; *New York Post*, 5/4/2000, p. 28.

3. *Dallas Morning News*, 5/4/2000, p. 29A; *New York Post*, 5/4/2000, p. 28.

4. *New York Post*, 5/4/2000, p. 28; AP Online 5/3/2000.

5. *Dallas Morning News*, 5/4/2000, p. 29A.

6. *Ibid.*

7. *Ibid.*