

By Joel Bleifuss

A good read

Spy magazine's Susan Lehman recently asked librarians at the Library of Congress to list the favorite books of our representatives in Washington. Lehman reports that when "the leaders of the nation ... dip into the world's largest library" they are most likely to request *Daddy* by Danielle Steele, any Judith Krantz novel and *Atlas Shrugged* by Ayn Rand (the book most often on the waiting list), among others. One of those others is a work of non-fiction that you can be glad has caught the congressional eye. It's *Inside Job—The Looting of America's Savings and Loans* by Stephen Pizzo, Mary Fricker and Paul Muolo. The introduction of this 400-plus page examination of the savings and loan scandal that was released last year reads, in part: "On Oct. 15, 1982, President Ronald Reagan invited 200 savings and loan [S&L] executives, bankers, Congressmen and journalists to witness the signing of one of his administration's major pieces of deregulation legislation, the Garn-St. Germain Act of 1982—[a bill that] would cut savings and loans loose from the tight girdle of old-fashioned, restrictive federal regulations. [This bill is] the most important legislation for financial institutions in 50 years," Reagan said, beaming. "All in all, I think we've hit the jackpot." The ink wasn't dry on the Garn-St. Germain legislation before high-stakes investors, swindlers and mobsters lined up to loot S&Ls. They immediately seized the opportunity created by careless deregulation of thrifts and gambled, stole and embezzled away billions in an orgy of greed and excess. The result was the biggest financial disaster since the Great Depression and the biggest heist in history. Tens of billions of dollars were siphoned out of federally insured institutions. Everyone in Washington and the thrift industry—except President Reagan, who went eight years without mentioning the problem—haggled over just how many billions might be missing. [The most recent estimates of the taxpayer's bill for bailing out these failed thrifts now stands at \$500 billion—or \$2,000 for each of the 250 million men, women and children in the U.S.] The meltdown of the S&L industry was a story of failure—failure of politicians, failure of regulators, failure of the Justice Department and failure of the federal courts. Billions of dollars drifted off into the ozone, never to be seen again. Of the missing money, as much as half had been stolen outright. Yet few of the hit-and-run artists who infiltrated the thrift industry went to jail and little of the money was recovered."

One simple question

"When are the crooks going to jail?" is one question Rep. Frank Annunzio (D-IL) put to Attorney General Richard Thornburgh in a letter sent last January 4. In the missive, Annunzio, chair of the Financial Institutions Supervision, Regulation and Insurance Subcommittee, deplored the Bush administration's failure to prosecute and imprison those involved in the S&L scandal—particularly since the thrift bailout legislation signed by President Bush last August 9 had increased the civil and criminal penalties for fraud involving financial institutions. "There appears to be very little in the way of criminal-enforcement actions against wrongdoers," Annunzio wrote. He asked the U.S. attorney general to provide his committee with a report on the resources the Justice Department had allocated to investigate and prosecute S&L fraud, including: a detailed breakdown of the number of personnel and the financial resources devoted to the task; the number of grand juries empaneled; the number of indictments handed down; and a list of case results—verdicts, pleas entered, sentences imposed and fines collected. It has been more than three months, and Annunzio has yet to get a response from the attorney general. The one thing the committee has discovered is that the Justice Department is planning to spend only \$50 million of the \$75 million allocated in last year's bailout bill for investigation and prosecution.

Fraud haven?

One place where S&L fraud does not appear to be vigorously prosecuted is Houston, Texas. Pete Brewton reports in the *Houston Post* that no financial officers of failed S&Ls in Houston have been convicted and only one has been indicted. Further, in the whole southern Texas district, which includes Houston, only 95 people have been indicted for bank-related fraud, and only one financial officer has been convicted. In contrast, 250 people have been indicted in Dallas, including more than 12 S&L officers. The U.S. attorney responsible for investigating and prosecuting S&L fraud in Houston and southern Texas is Henry Oncken. On April 12, Oncken testified in Dallas before the House banking commit-



Hand extended, Shivaun works the sidewalk in front of Walgreens.

Shivaun: street-side fundraiser

By Julia Gilden

A woman stands every night on a corner where the seedy Tenderloin merges into San Francisco's posh theater district. She wears a pale gray tweed overcoat, black slacks and running shoes. Her shoulder-length brown hair, parted in the middle, sweeps off her forehead in waves. She almost looks as if she might have been managing a business or running an office an hour ago. Yet on closer inspection, her face is haggard, slightly off balance. In a quiet voice, the woman who calls herself Shivaun asks a passerby for spare change. This is her story.

"I'm not apologizing for the way I live," she says. "I'd rather be panhandling than having to explain my problems all the time to welfare workers and my family." She's referring to her lack of home and job, not her crack habit.

While many women in their late 40s are slimming down with aerobics, a few, like Shivaun, get their exercise walking the streets for survival. Her philosophical discussions take the form of explaining to passing suburbanites in town for a culture fix how she ran out of money and family, and how her solid middle-class American lifestyle fell off the truck.

Shivaun's notions of how to patch the cracks in her universe seem fragmented. Money is frequently lost. Casual brushes with death heighten the drama. **Streetbound:** Wrapped in the gray coat, a freebie from somewhere, Shivaun blends in with the concrete and neon urbanscape. The left side of her face is slack, the unfortunate legacy of the surgical removal of a small tumor behind her ear several years ago. Her gaze shifts, first focused and then distracted. But when she walks, it is with purpose, shoulders back, coat flapping in the breeze she makes.

It is more the walk of a school director, a real-estate agent or a successful business entrepreneur—all positions that she held when she was married and raising four children.

Like many others, Shivaun staged her own revo-

lution in the '60s, leaving a comfortable marriage to follow her heart. She recalls a decade and a half of passion, creative brainstorming, successful business ventures and a spirit guide who communicated with her through a Ouija board. She spent these years in Santa Cruz, Calif., with her second husband, with whom she had a fifth child, Damien, now a young man of 18. That period ended when her husband left her for another woman.

"We smoked marijuana daily for 15 years. We'd get high and get creative ideas, and then we'd do them. When Damien was 14 we all smoked together. We found out that he had been sneaking behind our backs, and we thought it would be better out front. Things changed after that," she says lightly. "I wasn't his mom anymore. We were friends."

"Now," says Damien's father, "we only see her when she needs money. She can't manage on her own. I have to hold her SSI [Social Security Supplemental Income] check and dole it out to her in small pieces or else she'd spend it on drugs or give it to some cowboy on the street." Fair or not, he sneers at her down-and-out lovers.

People who know Shivaun say she has burned everyone for money, borrowed and lied to feed her drug habit. She says she lost the will to be responsible when her marriage ended. They expect her to die on the streets from a drug overdose or random violence, but she insists she is slowly taking control of her life.

In three years she has slipped from unemployed person to transient to crack user, three steps which she sees as unconnected but which explain her life to those who know her. She doesn't foresee her spiral downward leading to anonymous death in the streets. She views herself as a member of a legitimate if unrecognized sector of society whose main crime is social disenfranchisement.

"The way I live may not look right to you, but in many ways it's more honest than supposedly acceptable lifestyles. Besides, I'm never bored," she says.

"My transactions are immediate—if someone can't be trusted, I know it right away. If someone wants something, usually drugs or money, there is no hidden agenda. Everything is on the table."

Shivaun says she realizes, like others before her have, that as far as society is concerned, "If you aren't in the middle class, either you're a failure or you're sick." As an official dropout on her way to contributing to the homeless mortality rate, she has adopted a new way of measuring success.

After several harrowing drug-induced medical emergencies, Shivaun now lives in a small room in a barren hotel where friends must pay \$10 to visit residents and no overnight stays are allowed. She finds soup lines demeaning but has sampled the cuisine of most of San Francisco's downtown charitable establishments. She makes her dinner arrangements according to the size of the serving spoon and the quality of the food. Panhandling often nets exotic meals in doggie bags. Sometimes other gifts appear, like boots or sweaters.

"I work hard at being pleasant," she says. "I have to find new spots to stand where people aren't sick of me. The theater crowd is the worst. I got \$20 one night from one woman, but she stopped and talked to me until I was in tears."

Is she describing an odyssey or a cheap hustle?

"I see panhandling as direct-appeal fundraising," she says. "People give to United Way as their tax-deductible act of charity, and look at where that money goes. Most of it goes to the care and feeding of United Way. When you give people on the street money, it goes right to those who need it."

Chasing the dollar: Shivaun believes people will do anything for money in this culture—in fact, for most that is their only quest. "What difference does it make what people spend it on? The whole point of this culture is getting people to give you their money. What we're about is denial—denying that what we're really addicted to is spending, or denying that drugs create violent people. When I have money, I see a thousand things I want. Why is it OK to always want more and to never feel that you have enough? Why is it OK to get drunk and not OK to get stoned?"

"I have the opinion that a lot of people are addicted to Walgreens," she says, her head cocked, her chin high, as she stands in her self-assigned spot under the red lights of the all-night drug store. "I see people go in and out of here 17 times a night."

For Shivaun, another proof that money rules all behavior is her newfound fear of possessions and the responsibility that having things engenders. Wanting less is antithetical to society's values. It gives her lifestyle a rebel status. The people she admires are those who give what they have away, like the well-dressed man who emptied his pockets into her hands, explaining that he was dying of AIDS.

But street living doesn't eliminate the money loop. "While I am working, I chant now—a Buddhist chant under my breath—for more money," she says. "I don't want to end up as a bag lady pushing a grocery cart."

She remembers growing up in St. Louis in a poor but ambitious family that punished her for associating with blacks or Catholics. "Now I'm Catholic and 85 percent of my friends are black," she says.

Her family in St. Louis knows nothing of her current life. Though they could afford to help her, she would never turn to them. Nor will she now contact her grown children from her first marriage. "My kids won't have anything to do with me. They feel like I've burned them," she says. In any case, one of the dictums of street life is an unspoken agreement not to burden respectable family members with unseemly needs. "It would embarrass them," she says. "They would be shocked and disappointed."

"This life happened by degrees," she says. "When I moved to the Tenderloin, I was afraid to walk on

the streets. Little by little I started going out. I saw that nearly everybody in the neighborhood is into drugs. I bought a rock [of crack] the other night from an Asian woman with two children. But I never buy from kids, even though they are selling. I used to have a two-gram-a-day coke habit; now I just freebase [smoke crack].

"I could bounce back to the other world, but most people I know from my previous life have sold their souls by telling small lies in order to manipulate people and situations. Drugs may be an escape, because they change your perspective. They make you vulnerable, generous and compassionate, more susceptible to peoples' stories." And, she admits, more susceptible to being ripped off by less-scrupulous addicts.

Crack's in her life: Bereft of a demanding career or lifestyle, Shivaun says she turns to drugs out of pure boredom. "I like the intrigue, the sport, the drama to obtain it. A \$10 shot of crack is the size of a marble. I go to my room, take my shoes off, split my rock in two, put it in my pipe and listen for the sizzle so I know it's good. Then I inhale—I love the taste—I blow the smoke out and get a rush that lasts three to five minutes. Then I chill out and do the other half. Then I go back out on the street and start again."

"I'm not an addict. I choose to get high," says Shivaun. "A few years ago I had a cocaine habit. I nearly died from circulatory problems. But now I freebase—it's much safer than shooting."

Last year, her son Damien, then 17, nearly died from a cocaine overdose. He went into convulsions and his heart stopped. This frightened his mother, who was with him at the time. She saved his life. Together they swore off drugs—a pact that lasted a few weeks.

Damien is a handsome, strapping youth who is full of enterprising ideas and has already learned that street economics are as demanding as any straight job—and that one blends into the other, making life a giddy arena of possibilities.

These days he says, "I hate my mom. I hope she drops dead. I never want to see her again. She's not my mom." Although he is as much involved in the drug culture as he was a year ago, he insists that it is his mother, not he, who has a drug problem. She says she can't help him, that he comes to visit her only when he wants to get high. She sees him rarely now. She heard last month that he had a second round of drug-induced convulsions.

"My family and friends all love me at the first of the month, when I have money or drugs, or both," she says. "They don't want to see me at the end of the month because they can't get anything from me."

People who know her well insist that Shivaun doesn't deserve another chance, that she's had more opportunities than most, that she will do anything to fuel her addiction.

She resents offers of help and maintains therapy is useless. "As I progress more and more into this life, I can explain less and less," she says. "What they don't realize is I'm a free spirit. I like what I'm doing."

She expects to be working again, someday. "I'm not actively looking," she says. "I don't look like the kind of person people would want to hire." Still, she is considering putting up a sign in Walgreens to advertise for housework.

Shivaun invented her name and her son's for this story. A momentary critic of her shattered dreams, she says, "I feel like I have stepped out of real life and have become fiction." □

Editor's note: As *In These Times* went to press, Damien had a third cocaine-induced seizure. He lies in a coma, near death.

Julia Gilden is on her way to the *Imperial Valley Press* in El Centro, Calif., where she will write about life on the U.S.-Mexico border.

tee, saying, "In many of the allegations, there seems to be a lack of proof that the insiders personally profited from the regulatory violation or criminal infractions reported." He blamed his failure to prosecute S&L fraud on the shortage of attorneys in his office, the FBI's failure to complete investigations and an inadequate number of federal judges to handle the cases in his district. Judges in Houston do appear to be overloaded with work. Brewton reports that some federal judges in Houston have criticized Oncken "for clogging the system by filing a large number of small drug cases."

It's a crisis

The chair of the House banking committee is Rep. Henry Gonzalez (D-TX). (Gonzalez, you remember, is the one congressman who had the temerity to suggest that Congress consider bringing articles of impeachment against President Ronald Reagan for his role in the Iran/contra scandal.) During the above-mentioned Dallas hearings, Gonzalez said, "We know we have a savings and loan crisis, and we are about to have another crisis—a crisis in the confidence of the American public in the ability of the federal government to deal with the problem. The American people—judging from my mail and telephone calls—are angry about what they see as a 'business as usual' approach to a disaster that is going to cost them dearly. ... Despite headlines of ever-increasing bad news about the depth of the damage, we have not seen from the administration a sense of urgency in keeping with the magnitude of the crisis." Gonzalez announced that on May 22-23 his committee will hold hearings to examine the failure of Silverado Savings—the Denver thrift on which President Bush's son Neil served as a member of the board of directors (see "In Short," March 14).

Darker crimes?

Pizzo, Fricker and Muolo, the above-mentioned authors of *Inside Job—The Looting of America's Savings and Loans*, wrap up their chronicle by pointing to one of the scandal's most sinister aspects, alleged CIA involvement in the S&L debacle. They write, in part, "Of course, the mob and the swindlers didn't suck all the billions out of the thrift industry. ... Something else was going on at thrifts too. We avoided dealing with it in detail because we never seemed to be able to get our arms around it, but it disturbed us and bears mention. Time and again during our research we ran into people at failed thrifts who claimed to have connections with the CIA. We ran into individuals whom we discovered were dealing secretly with the contras, moving large sums of money, here, there and off to nowhere for what they claimed were covert purposes. [The authors list examples.] We don't know what all that means, but we want to be on the record as saying that we finally came to believe something involving the CIA and the contras was going on at thrifts during the '80s. Taking out loans from federally insured institutions, giving the money to the contras, and letting federal insurance pick up the losses does have the flavor of what Ollie North might think was a 'neat idea.'"

Intelligence update

Was the CIA looting the country's S&Ls? That question is being investigated by the House Permanent Select Committee on Intelligence. The committee is looking into allegations first raised by the *Houston Post's* Pete Brewton that the Mafia and the CIA were involved in the failure of 25 federally insured financial institutions, the bailout of which will cost the U.S. taxpayer about \$14 billion (see "In Short," February 21 and 28, March 14). Dan Childs, intelligence committee staff director and a former CIA official (see story, page 8), told *In These Times*, "We have a preliminary investigation underway. We had hoped to be in a position by the end of this month to decide where we will go from here. But the committee's [two] investigators have not yet talked to everyone they wanted to." Rep. Anthony Beilenson (R-CA), the chairman of the intelligence committee, responded to *In These Times* inquiries by issuing this statement: "The committee is investigating and taking it very seriously. As soon as the investigation is complete we will be issuing a public statement." The intelligence committee investigators have yet to question either CIA Director William Webster or FBI Director William Sessions. They did, however, interview Lloyd Monroe, a former Justice Department attorney who, during his investigation of failed financial institutions, found evidence of CIA involvement and government cover-up. Next week's issue of *In These Times* will feature Monroe's assessment of the S&L scandal and why the Justice Department, Congress and the media continue to ignore the severity—and the long-term consequences—of the crisis.