

Credit union failure

Accountant, mother get prison sentence

OMAHA (AP) - A federal judge sentenced the former accountant for a failed Omaha credit union and his 70-year-old mother to prison Monday for bank fraud and tax evasion.

E. Thomas Harvey Jr. was silent as U.S. District Judge William Cambridge sentenced him to four years and three months in prison on charges stemming from the failure of the Franklin Community Federal Credit Union.

Mary Jane Harvey, who had been an officer of a non-profit umbrella group set up to help reduce Franklin's overhead costs so that the credit union could help low-income people, received a three-year, 10-month sentence.

Authorities said \$39 million was missing from Franklin when it was closed on Nov. 4, 1988. Most of the deposits were insured but a South Dakota order of nuns had \$2.1 million in accounts the National Credit Union Administration did not insure.

When asked if he had any statement before being sentenced, the 48-year-old Harvey said, "just again that I deeply regret my involvement in this entire matter."

The sentences were the maximum Cambridge could impose under federal guidelines in effect at the time of the crimes. The maximum sentence guideline was lower for Mrs. Harvey than for her son because she played a smaller role in the case, said First Assistant U.S. Attorney Thomas Thalken.

Mrs. Harvey's attorney, Timothy Cuddigan, had argued that sentencing her to the three-year, 10-month maximum would be like sentencing her to life because of her poor health. He said she suffers from hypertension, diabetes and failing eyesight.

But the judge said the seriousness of the crime merited the full sentence.

Cambridge also sentenced the Harveys to three years probation once their prison terms are served.

Defense attorney James Schaefer argued that Harvey had no prior legal problems and wasn't responsible for the credit union's failure.

But Thalken said he found it disturbing that Harvey felt he bore no responsibility for the credit union's failure.

"He was the mechanic" who made certain that financial records were hidden from authorities, Thalken said.

Thalken also said the money missing from the credit union was substantial, the community suffered great harm from the crimes and Harvey once gave false testimony to a federal grand jury investigating the credit union.

He said Harvey should be sentenced to up to 80 months in prison, well beyond the maximum outlined by sentencing guidelines.

Cambridge said he wasn't ordering restitution because the Harveys wouldn't be able to pay it. But Cambridge said he may order restitution

in the future if the Harveys show some ability to pay.

The Harveys had no comment as they left the courtroom surrounded by friends and relatives. They were ordered to report May 13 to begin serving their sentences.

Their sentencing came 22 months after they pleaded guilty to embezzling \$1 million from Franklin between October 1984 and November 1988.

The Harveys had entered the pleas in June 1989 under an agreement with prosecutors and had agreed to cooperate in the prosecution of Lawrence King Jr., Franklin manager and treasurer, and his wife, Alice.

The Harveys' sentencing had been delayed while court proceedings were pending against the Kings, who reached a plea agreement with prosecutors last February.

King, a prominent businessman who sang the national anthem at the

1984 Republican National Convention, pleaded guilty to three of 40 original counts — conspiracy, embezzlement and making false statements. Mrs. King, who had faced 12 counts charging conspiracy and fraud, pleaded guilty to one count of filing a false tax return for 1986.

The Kings are scheduled to be sentenced June 17.

The NCUA also has filed lawsuits against the Kings seeking to recover some of the money it says was missing from the credit union.

The Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, S.D., held \$2.46 million in certificates of deposit in the credit union.

The religious order has asked an appeals court to review a NCUA ruling that repaid \$360,000 of the order's deposits. The NCUA's board rejected the order's request for more reimbursement.

President Bush's tax bill down, decreasing slightly from 1989

WASHINGTON (AP) - Losses suffered by President Bush's blind trust, apparently reflecting the recession, helped nudge the first family's income down to \$452,732 in 1990 from \$456,780 the year before, returns released by the White House showed Monday.

As a result, their tax bill also declined slightly — \$99,241 to the Internal Revenue Service from the \$101,382 they paid on 1989 income.

The family's 1040 form, which lists President Bush's occupation simply as "president" and Barbara Bush's as "housewife," showed they were due a \$14,129 refund.

However, the president decided to apply \$10,000 of that to his 1991 taxes.

Although well over half the first family's income still comes from Bush's blind trust, it also included the

president's \$200,000 salary and \$1,000 that Barbara Bush made for an article she sold to Reader's Digest last fall on the importance of reading to children.

The Bushes claimed \$97,118 in itemized deductions, including \$38,667 in contributions to 50 charities and \$330 to unidentified charities by the blind trust.

Bush also reported receiving \$7,042 in royalties from his 1988 campaign book, "Looking Forward." Both Bushes donated the proceeds from their writings to charity.

The Bushes did not list any income on Mrs. Bush's bestseller, "Millie's Book," released last fall.

However, Mrs. Bush said separately that the volume, which purports to be told through the eyes of her pet spaniel, produced a first royalty check of \$625,000 that was paid di-

rectly to charity.

Meanwhile, Vice President Dan Quayle and his wife, Marilyn, reported paying federal taxes of \$24,558 on an adjusted gross income of \$121,126. The Quayles' income included \$1,702 in interest income and \$11,742 in dividend income, all from Quayle's holdings in his family-run Central Newspapers Inc.

The vice president reduced his \$123,250 vice presidential salary to \$117,307 by contributing to a so-called 401(k) retirement plan, which allows taxes to be deferred until the money is drawn.

The Quayles claimed \$3,624 in charitable contributions and will receive a refund for \$1,438 from the federal government. They also claimed a \$9,625 loss associated with the costs of renting the house they own in McLean, Va.

Cheney: No politics in proposed closings

WASHINGTON (AP) - Defense Secretary Dick Cheney rejected congressional charges Monday that politics played a role in his proposal to close 43 U.S. military bases and scale back 28 other installations.

"When I made the announcement... I did not know at that time which bases fell in which members' districts. I did not want to know," the Pentagon chief told the Base Closure and Realignment Commission.

Cheney said he wanted to avoid accusations that the list is based on political affiliation, but charges of partisanship surfaced even before the recommendation was officially announced on Friday.

"I don't know what those people are thinking about but it almost looks like the Democratic strongholds have been hit the worst," said Rep. Joe Moakley, D-Mass., who

complained about the proposed closure of Fort Devens.

Among the major base closings are Fort Ord in California, located in the district of House Budget Chairman Leon Panetta, D-Calif., and the Philadelphia Naval Shipyard, in the home state of House Assistant Democratic Leader Bill Gray and in the district of Democratic Rep. Thomas Foglietta.

Cheney responded that the California governor, Pete Wilson, and one senator, John Seymour, are Republicans while GOP Sen. Arlen Specter represents Pennsylvania.

The eight-member, independent panel has until July 1 to decide whether to approve or amend Cheney's list before forwarding it to President Bush and Congress, who are required to accept or reject the package in its entirety.

Congress told of tissue transplant

WASHINGTON (AP) - A scientist described for Congress on Monday the nation's first fetus-to-fetus transplant, but said future operations are jeopardized by the administration's ban against federal support of research using electively aborted tissue.

Robert Slotnick, an obstetrician and geneticist at the University of California at Davis, said it won't be known for weeks whether the surgery last May, involving the transplanta-

tion of tissue from an aborted fetus, saved a child born in November from a fatal disease.

"I wish I could tell you this was a success, but we don't know that yet," said Slotnick. "But I can tell you this work can't continue without the support of the federal government," he testified to the House Energy and Commerce health subcommittee.

Slotnick recounted for lawmakers the still unpublished experiment in

which tissue from a fetus aborted in an ectopic, or tubal, pregnancy was transplanted into a fetus with a rare disease called Hurler syndrome. The parents had two other children who died from the disease.

The hope, said Slotnick, was for the transplanted tissue to produce blood cells that, in turn, would manufacture an enzyme that is missing in Hurler syndrome victims. He said it would be several weeks before he can determine whether that was the case.

Secret society refuses women, stays men-only

NEW HAVEN, Conn. (AP) - Skull and Bones, the all-male secret society at Yale whose members include President Bush, was ordered closed for a year by its alumni directors after rebellious students invited women to join.

The alumni directors have been debating whether to end the private club's 159-year-old tradition as a bastion of male-only bonding, but were having difficulty reaching a decision.

The 15 seniors in the current class of Bonesmen, frustrated by the lack of action, notified the board of directors at an emergency meeting Friday night that they had invited seven women and eight men to join.

In response, the board over the weekend replaced the locks on the "Tomb," the windowless, mausoleum-like building where the society meets.

Sidney Lovett, the society's secretary and assistant treasurer, said Monday that the alumni directors had no choice but to suspend operations for a year.



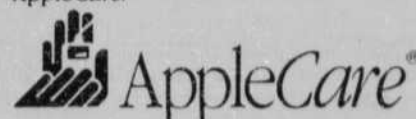
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