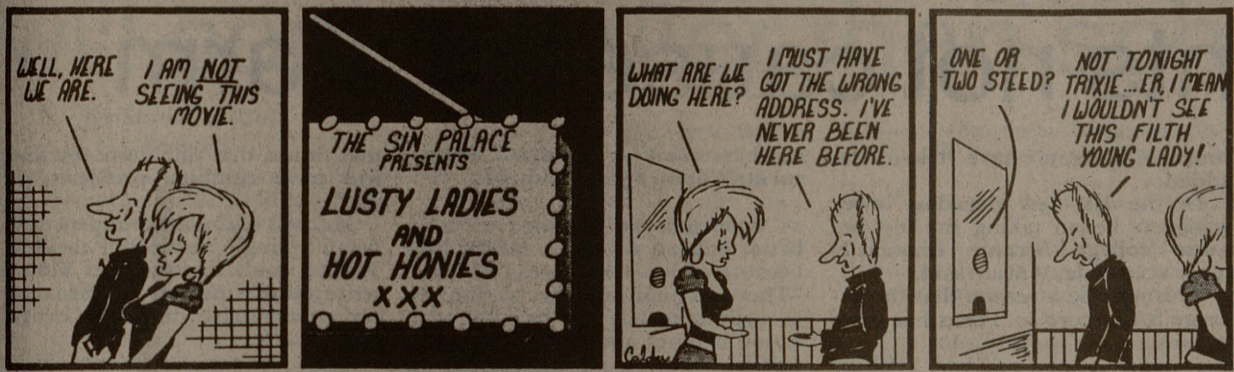


B Street

by Jon Caldara



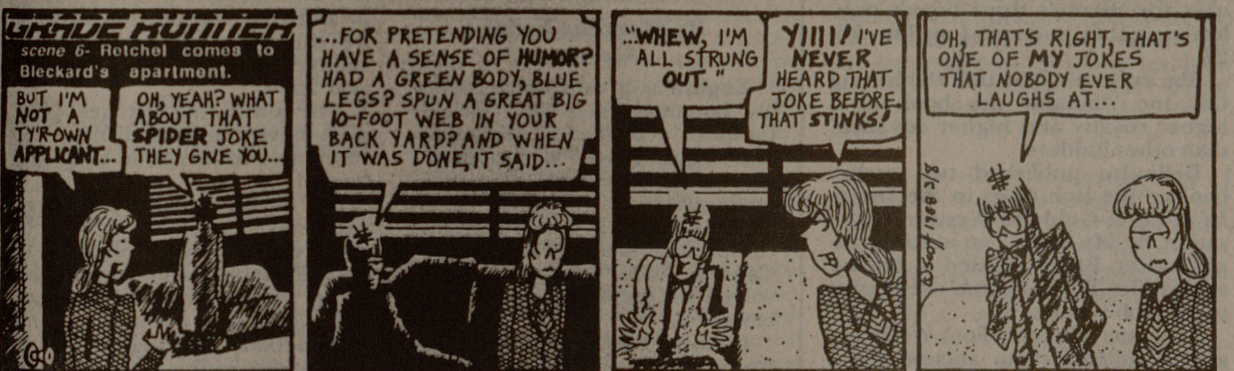
Waldo

by Kevin Thomas



Warped

by Scott McCullar



Paper says FBI investigating brokers hired to aid Connally

SAN ANTONIO (AP) — Former U.S. Treasury Secretary John Connally, scrambling to save his crumbling real estate empire, paid two novice brokers to search for refinancing, but the plan fell through and the men are now under investigation, the *San Antonio Light* reported in a copyright story.

Bexar County prosecutors, federal banking officials and the FBI are looking into whether the money brokers swindled Connally, former Lt. Gov. Ben Barnes and others desperate for cash when the Texas economy was scraping bottom, the *Light* reported Sunday.

"The very reason Ben Barnes and John Connally — otherwise smart and shrewd businessman — were taken by these guys was because they were incredibly desperate," said an investigator who requested anonymity. "They needed cash and they needed it fast."

As lenders began closing in on Barnes and Connally, former Texas governor, in 1986, they began searching worldwide to find new financing avenues, but it was not easy.

"Texas was literally red-lined all over the country financing-wise," Barnes told the newspaper.

Barnes turned to Ed Harper, a former real-estate agent and used-car salesman, and David Rowold, an oil-and-gas leasing agent, who were doing business as Tascosa Holding Inc. of San Antonio. Barnes and Connally paid the men \$20,000 to help them out of their worsening financial conditions, he said.

Barnes said Tascosa's failure to come through as promised was not the last straw that hurled him and Connally into bankruptcy, but, if it had actually come through, it might have staved off some of their disaster.

Harper and Rowold said they

were conned by international schemers who were using them as middlemen and they went bust as a result.

While Barnes and Connally were their biggest-name clients, Tascosa also worked for other Texans in need of millions to save failing projects, but none got the financing they were promised by the two men, the newspaper reported.

"These men weren't just some local guys," an investigator told the *Light*. "They were hitting up people all over the country."

Barnes and Connally did not immediately return telephone calls to the Associated Press on Monday. Harper and Rowold have unlisted telephone numbers and could not be contacted.

Barnes told the newspaper that in early 1986, Harper and Rowold walked into his Austin office and offered him a quick fix to soften the possible blow of his financial problems.

The first loan they promised to line up for Barnes and Connally was a \$16.8 million loan to refinance a 200-acre mixed-use project in Austin, the *Light* reported.

Rowold said the refinancing he and Harper were trying to arrange for Barnes and Connally totaled \$200 million, but they never delivered a penny of the money, the newspaper said.

Rowold and Harper said they were enticed into a new career in investment banking more than two years ago by men who operated a Hong Kong money brokering firm and wanted a Texas base to help increase their business.

Rowold and Harper said the company, DINVON Investments Ltd., never closed any of the loans they sent it.

"I guess I've got about \$9 in my pocket right now," Rowold said.

Rowold said they also got sucked into deals with the International Bank of the South Pacific, based in the island nation of Tonga.

In March 1986, the U.S. Comptroller of the Currency informed American banks that the Tonga bank was doing business illegally and warned them not to conduct business with it because of the problems.

The offshore bank was to have backed the Barnes-Connally loans and several others with standby letters of credit that never materialized.

The owner of the bank, Dennis Lyle Walker, was found dead in a Las Vegas hotel room in July 1987, and it was unclear whether he was directly involved with Tascosa or DINVON, the newspaper reported.

Barnes, meanwhile, said he spent thousands of dollars on travel and hotel accommodations in the Tascosa deal.

Barnes said he spent a week in a Hong Kong hotel room waiting for DINVON to get the letter of credit approved. He said he also spent three weeks in New York trying to get a U.S. lender, G.E. Capital Corp., arranged by Harper and Rowold, to approve the loan.

That loan was to have been secured with a letter of credit from the offshore bank, according to a May 12, 1987, letter that investigators found among Tascosa's files.

Personal details about Harper and Rowold are sketchy.

Rowold, 49, said he was an oil and gas attorney for Exxon in Houston, until 15 years ago when he struck out to start his own business.

Harper, who is in his 70s, operated a tire store near downtown San Antonio before moving to Rockport in the early 1960s, where he was sales manager for a real estate firm.

He also said he was Barnes' campaign manager in Rockport when Barnes ran for governor in 1972.

Pari-mutuel betting taxes drop across country as tracks suffer

AUSTIN (AP) — Under pressure from race track owners, state lawmakers across the country have cut pari-mutuel taxes to shore up tracks in the wake of declining attendance and reduced betting.

While the first legal on-track bets probably won't be placed until the end of the year in Texas, many people are already giving odds the same thing will happen here, despite the initial optimism.

"I would wager that whoever builds a track in Texas within two years will be before the Legislature asking for a reduction in the state share of the pari-mutuel pool," Don Price, director of the Minnesota Racing Commission, told the *Dallas Morning News*.

Sponsors of the Texas pari-mutuel betting bill said they don't expect to see any cuts in the state's 5 percent tax, the newspaper reported Monday.

"I sure don't want us to, and I don't think we will have to," said state Sen. O.H. "Ike" Harris, the Dallas Republican who co-sponsored the bill.

But Harris said there already was talk about lowering the tax in the "start-up years" and allocating the difference to the tracks in an effort to encourage investors.

"They say they cannot build a track" because of the expense, Harris said. "It's going to be tough. But I say that they don't have to build a

\$75 million track. They can build something less expensive and allow for expansion."

Texas betting advocates last November relied heavily on the pitch of new jobs and new state revenues to win voter approval of the proposal to legalize on-tracking betting.

Texas betting advocates last November relied heavily on the pitch of new jobs and new state revenues to win voter approval of the proposal to legalize on-tracking betting on dog and horse races for the first time in 50 years in Texas.

Texas voters overwhelmingly approved the measure amid the state's worst economic slump in decades.

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