

March 13, 1981

LB 500

SPEAKER MARVEL: Senator Beutler, do you wish to speak to the Dworak amendment?

SENATOR BEUTLER: Mr. Speaker and members of the Legislature, I strongly oppose the Dworak amendment. It largely destroys the bill, it guts the bill, yes. Part of the main thrust of the bill was to do something to counter the merger movement in the S & L industry, to give the small companies a means of raising stocks so they weren't eaten up by the large companies. We have had merger after merger in recent years in the S & L industry as you are all aware and if you adopt this amendment which essentially precludes existing S & Ls from switching to a capital stock type organization, then the only thing that is going to happen is that the merger phenomena is going to continue and more and more small S & Ls are going to be eaten up. When you talk about converting existing S & Ls, converting to a stock company, really the questions that you should ask yourself are the same questions that I posed and tried to answer for you when we went through this whole thing on General File. What are the rights of existing savings account holders? Are those rights protected? Are there provisions in the bill that preclude individual directors or any one individual from taking large chunks of control? And the answer to all those questions is positive. Individual directors are limited to 5%. There are other federal requirements limiting their holdings. As far as existing account-holders are concerned we all know they never get any dividends anyway so there is no question about dividends. The only question that was raised was with regard to the rights should an S & L be liquidated and you may recall that we described in detail last time around a liquidation account that is set up specifically in the amount equal to the amount of savings accounts held by existing savers at the time of conversion and should after conversion the new S & L go under or liquidate, then that account, like an escrow account, is set aside there first to preserve the rights of the account-holders prior to the conversion. So I think we have answered all the questions and again, you know, don't miss the point of this. The point to a large extent is to counter the merger movement and that will not happen if Senator Dworak's amendment is adopted. With regard to the bill not flying for the last few years, we have lots of bills like that. In fact, we had one called the guest statute that just flew right by this year once the insurance industry came off of it and I don't know, maybe Senator Dworak would comment how he voted on that in past years and whether he voted in favor of it this year. That would be an interesting question to pose. Thank you.

SENATOR CLARK PRESIDING

SENATOR CLARK: Senator DeCamp.