

this current pass is detailed in about six pages. It is a story that blends private mismanagement and avarice with state acquiescence in its oversight. If you distill that story to a handful of notes, you would realize that we knew of criminal activity three years before the institution was closed. We collectively knew of a deteriorating liquidity position which had plummeted below minimum acceptable levels of 20 percent liquidity in late 1979 and in 1981 was down to I think 4 percent liquidity or less. We knew that years before the doors were closed. It is also true that because of the operation of law, we control the data flow that permits an individual to defend themselves against these practices by management. We control the data that allows somebody to protect themselves and we don't let the data out. This information that I am telling you was confidential. In our oversight capacity we knew it but no one else did. At the same time that we knew of these problems, criminal activities, outrageous liquidity problems, rampant violations of sensible accounting principles, and at the same time we were controlling that information, we then went further to permit the institution administratively to raise from \$10,000 to \$30,000 its representation of guaranteed funds. And, finally, we required Commonwealth to tell unsuspecting depositors that Commonwealth was holding out guaranteed deposits, a fact which we knew they were not able to guarantee. When you add all of that up, I guess it would be similar to in a situation which perhaps your Uncle Harold comes upon a room filled with oily rags and open gas cans and the unmistakable odor of propane and Uncle Harold switches off the light and closes the door. You walk up, you say, "Can I go into that room?" And Harold says, "Why, sure you can but it is dark in here so make sure you take this torch along when you walk inside." After you get out of the emergency room, you go up to your kindly Uncle Harold and you say, "Harold, Harold, Harold, I think some redress is in order." And Harold says, "Hey, I wasn't the one who crossed the threshold. You opened the door, hmm? You are the one who stepped inside. I had nothing to do with it." What I want to point out from the history of the Commonwealth situation is that all other savings and loans that were in that situation exposed have been taken care of.

PRESIDENT: One minute please.

SENATOR LANDIS: There is no opportunity for a repetition in