

time to avoid serious problems. However, when the appropriate remedies involves a merger of subsidiary banks, the parent holding companies, or both the present Nebraska law provides the dissenting minority share holders can in effect require their company to redeem their stock. Such redemption can only have the effect of reducing the capital of the bank or holding company. Such a reduction is counter-productive and in many instances is not permissible. A bank of course can not reduce its capital without the consent of the Department of Banking and Finance and a holding company can not redeem its stock except with the approval of the Federal Reserve. When such consent or approval is not granted, the companies are in effect prevented from voluntary merger and that valuable tool is not available to assist a troubled institution. So in simple language the very thing we passed might not be available when you have a series of banks under...well you get the idea. The proposed amendment will solve this problem by requiring minority shareholders to leave their share of the capital, of the company in place if that is necessary to accomplish a voluntary merger. Without this amendment, it will be necessary for a bank to be determined to be failed or failing and the Director to take possession and sell it to effect a merger. Such a procedure almost always results in the former shareholders receiving nothing and can not take place until the situation becomes very severe. The proposed amendment will also permit more sound institutions to consider merger for the purpose of aiding troubled institutions since their minority shareholders will not be able to insist upon a withdrawal of capital if such mergers take place. I would ask adoption of the amendment. I think Senator Chronister wants to say something on it, it is a very important amendment to him.

PRESIDENT: Senator Chronister.

SENATOR CHRONISTER: Mr. Speaker and members of the body, I wholeheartedly support this amendment because it will be very instrumental in preventing some bank failures that are likely to occur if this amendment is not passed. We have seen four banks go under last Friday. This could be repeated in the future if this amendment is not adopted because there are banks not only in my district but all over the State of Nebraska that are in trouble. If they are not allowed to merge and strengthen the bank and keep the banks active in these small towns, many other small towns in