

Bell Federal Savings

AND LOAN ASSOCIATION

CORNER OF MONROE AND CLARK

CHICAGO, ILLINOIS 60603

FINANCIAL 6-1000

EDMOND M. SHANAHAN
PRESIDENT
CHIEF EXECUTIVE OFFICER

February 23, 1989

Mr. Kevin Gottlieb, Staff Director
Senate Banking Committee
Senate Dirksen Office Building, Room 534
1st and C Streets, N.E.
Washington, D.C. 20510

Dear Mr. Gottlieb:

As you know, there has been much discussion about healthy savings and loan associations not objecting to the problems caused by the high-flyers in our industry. I believe the attached testimony, which I gave to the Committee on Government Operations, House of Representatives, on February 28, 1985 (four years ago) will show that Bell Federal did strongly object at that time.

On page 202 you will note that I testified with four other people who represented State chartered institutions desiring greater direct investment powers. I stood alone against both direct investments and rapid growth. Pages 203-205 outlined my position with the major points highlighted.

As you review the balance of the testimony you will see that the other people all sought both growth and increased investment powers for savings and loans. You will also note on the last four pages which follow the testimony that Mr. Hopkins from Commodore Savings in Texas was indicted on 47 counts of misapplying thrift funds; Mr. Driggs was removed as Chief Executive Officer of Western Savings in Phoenix; Mr. Keating had a number of problems with the Federal Home Loan Bank of San Francisco and recently agreed to sell Lincoln Savings. I am not sure what has happened to Mr. Wood of Germantown, Tennessee, but their December, 1987 report shows that they had a net worth on December 31, 1987 of \$2.7 Million, while losing \$2.4 Million during the year of 1987. Obviously, if that continued in 1988 they would have negative net worth and be another FSLIC problem.

Meanwhile, Bell Federal with its conservative position has increased its real net worth to 7.7%, so conservatism did pay off.

If I can answer any other questions regarding this at this time, please let me know.

Yours truly,

Edmond M. Shanahan

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