

April 10, 1989

LB 356

SENATOR LANGFORD: Yes, yes.

SENATOR LANDIS: Is that a question or (interruption)...

SENATOR LANGFORD: No, no, no, I'm asking.

SENATOR LANDIS: Remember that there is a body of shareholders who have some interest and there is a body of depositors who have more than the guaranteed amount. The sum total of compensation here would not effectuate a closing of all...would not effectuate the closing out of all the books on all the obligations. The depositors do not own the institution, the shareholders do. The depositors are being made whole. Just as in the case of FDIC, successor institutions take them over, or they are propped back up with capital reinvestment. The federal government does not take over FDIC rejuvenated banks. This is a form of guarantee for deposits, but not for the shares that are owned by the company, nor in this case does it take care of all the loss, since a good deal of loss will go uncompensated since it was above the \$30,000 amount. The state would not have an equivalent amount of investment for what it would be receiving in return.

SENATOR LANGFORD: Thank you. I'd like to give the rest of my time, please, to Owen Elmer.

SPEAKER BARRETT: Senator Elmer, one minute.

SENATOR ELMER: Thank you, Mr. President. Shouldn't take any longer than that. I have three questions for Senator Landis. Senator Landis, in reading your handout relative to LB 1 for the tort claim in 1985, in the first part it describes the appropriation and response to tort claims. And I would assume for that, assume then that the Legislature responded to the courts and appropriated an amount of money that the court themselves had thought was a fair reimbursement. Is that true?

SENATOR LANDIS: No, you've got the horse and cart slightly reversed, and that is to say the court had to approve the settlement, but the court did not recommend that number.

SENATOR ELMER: Okay.

SENATOR LANDIS: That number was of our choosing and your