

Seligman & Associates, Inc.

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December 1, 1988

Senator Donald W. Riegle, Jr.
105 Dirksen Building
P.O. Box 2434
Washington, DC 20013

Dear Don:

Listed below are some of the areas that I feel would be beneficial to all concerned with the savings and loan industry:

1. There should be a tax free ability to saving money. The cap on this item should be \$25,000 that could be reported to the Internal Revenue Service without paying taxes on it. I believe this would increase savings a tremendous amount in this country.
2. A mutual savings and loan should be allowed to be merged into a stock savings and loan without the cumbersome job of transferring a mutual into stock before it merged. This would increase the net worth of stock companies a great deal.
3. The bankruptcy court procedure should be used to close down savings and loans that have a negative net worth, as you would any other business. This would eliminate unsecured creditors, cut staffs, allow either restructuring or takeovers by other strong savings and loans.

Stronger savings and loans in a given area should be coerced into looking at the assets and liabilities of secured savings and loans and divying-up their assets and liabilities to help stop the drain on FSLIC.

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4. Streamline the requirements for merger by waiving the hands-off policy that the FHLB has created by not allowing a takeover of savings and loans during the three or five year period when they go public. This creates a stronger capital base and would eliminate a great many national savings and loans that have just gone public and are not managed correctly.

These items come to my mind as areas immediately and I will work on some other ideas along the same lines to strengthen the savings and loans and help eliminate the drain on the Government.

Sincerely,

Irving R. Seligman

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