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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 9, 1989

REMARKS BY THE PRESIDENT
AT SAVINGS & LOAN SIGNING CEREMONY

The Rose Garden

10:49 A.M. EDT

THE PRESIDENT: Thank you all for coming. Well, the Secretary Brady and Secretary Jack Kemp, Chairman Greenspan, Senators Riegle and Gramm and Congressmen Wylie and Gonzalez and other distinguished members of the House and Senate, ladies and gentlemen, and friends.

Thomas Jefferson once observed that "the care of human life and happiness, and not their destruction, is the first and only legitimate object of good government."

And today, we gather here to sign legislation -- the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which reaffirms those words.

This legislation comes to grips with the problems facing our savings and loan industry. It'll safeguard and stabilize America's financial system. And put in place permanent reforms so these problems will never happen again.

And moreover, it says to tens of millions of S&L depositors: "You will not be the victim of others' mistakes. We will see -- guarantee -- that your insured deposits are secure."

And this, of course, was government's intent when in 1933 it created the Federal Deposit Insurance. And yet as that system incurred massive loans over the past couple of decades, the fund designed to protect depositors itself became insolvent.

And the crisis has been told and re-told. The federal insurance fund was unable to make good on its commitments to the public, or to close insolvent institutions. And their losses mounting, hundreds of bankrupt institutions were allowed to continue operating.

On February 6, I announced a plan to change all that. To protect insured depositors. And to responsibly finance the closing or other resolution of all insolvent institutions. And we sought to abolish lax regulations; to increase penalties for wrongdoing; and to reform the financial system. And above all, we sought to protect those who have relied on government to faithfully fulfill its obligations.

I take a special pleasure in the historic legislation that I will sign here this morning. For the Task Group on Regulation of Financial Services, which I was proud to chair, began the effort to strengthen our financial system. And its work, and that of many others was debated and refined by the United States Congress. And you see it here -- all 371 pages of it -- and no, the bill is not perfect, but it is a first step -- a crucial step toward restoring public confidence. H.R. 1278 is responsive and responsible. And for that I salute the Congress. This bill balances America's need for financial security, competitiveness and equity.

In particular, I want to thank two committee chairmen -- Senator Don Riegle and Representative Henry B. Gonzalez, here with us today -- for their superb leadership in an extraordinarily difficult

MORE

proceedings. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a reality. And, of course, Senator Phil Gramm who I mentioned earlier. And numerous other members of the banking and other committees, from both sides of the aisle, who took up the cause of the public's interest.

And then there's my friend, the Treasury Secretary, Nick Brady, whose dedicated efforts have been vital and whose leadership has been truly outstanding. And so have those of Director Dick Darman, over here, the head of the OMB. I'd also like to mention Richard Breeden of the White House. I'd be remiss not to salute hundreds of others on the staffs of the various regulatory agencies and congressional committees. They, too, deserve our thanks.

And because of them, of you here today, and so many others, this legislation will give us the tools to make our thrift institutions and our financial system as a whole strong and stable. With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to ensure that not one dollar of insured funds will be lost by any depositor.

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. And in its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

And at the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of the new fund -- called Savings Association Insurance Fund -- SAIF -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund and our commitment to protecting depositors.

Good steps? I'd say vital steps. And this legislation goes still further.

Beginning today, penalties for wrongdoing by officers and directors of insured institutions will be increased up to \$1 million per day. And criminal penalties will be toughened from yesterday's slap on the wrist to the clang of a prison door. Those who try and loot the savings of their fellow citizens deserve, and will receive, swift and severe punishment.

And also, starting today, tougher requirements for safe and sound operating practices will begin to take effect. Never again will America allow any insured institution to operate normally if owners lack sufficient tangible capital to protect depositors and taxpayers alike. And today, too, we begin using the new resources available to accelerate the resolution of failed institutions, and to recover every possible dollar from their assets for the taxpayer. And at the same time, we will seek to minimize adverse impact on local markets.

These reforms will help our system right itself. For while the S&L crisis isn't behind us, we have met -- and passed -- our first critical test. More hard choices, more challenges lie ahead. But we will meet them as we have this challenge -- consulting, cooperating, between Congress and the Executive Branch.

And as we do, we will keep the new Federal Deposit Insurance System solvent, and help serve those millions of small savers who make America great: The local paperboy looking ahead to college or the young couple dreaming of their first home; the retired teacher whose savings are her entire lifetime. We have a commitment to protect the savings of these Americans and millions like them across this country. And we will honor that commitment.

And so together -- Republicans and Democrats -- we can

MORE

keep America's economy number one in the world. We can and will preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

So, thank you all very much for coming here and for your support, both past and future, because plenty of work lies ahead. Thank you all very much and now, I'm proud to sign this monster.

(Applause.)

END

11:58 A.M. EDT

WHITE HOUSE STAFFING MEMORANDUM

DATE: 08/08/89 ACTION/CONCURRENCE/COMMENT DUE BY: -----

SUBJECT: PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
 (08/08 draft four)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

James W. Cicconi
 Assistant to the President
 and Deputy to the Chief of Staff
 Ext. 2702

THE WHITE HOUSE
WASHINGTON

1989 AUG - 8 PM 8: 2

August 8, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON *W*
FROM: CURT SMITH *CS*
SUBJECT: SAVINGS AND LOAN BILL SIGNING

I. SUMMARY

On Wednesday, August 9, at 10:45 a.m., you will address about 220 people in the Rose Garden. The occasion is the signing of the "Financial Institutions Reform, Recovery, and Enforcement Act of 1989." Among those flanking you on the dais will be Secretary Brady, Senator Riegle, Congressmen Wylie and Gonzalez, and Richard Darman.

II. DISCUSSION

The attached remarks (8 minutes; no teleprompter) discuss the specific aspects and objectives of this legislation. They focus on how the bill will safeguard and stabilize America's financial system, and protect America's small savers.

(Smith/Martin)
Draft Four
August 8, 1989
S&L

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

Secretary Brady, Director Darman, Senators Riegle and Gramm, Congressmen Wylie and Gonzalez, Other members of the House and Senate, Ladies and gentlemen, Friends.

Thomas Jefferson once observed that "The care of human life and happiness, and not their destruction, is the first and only legitimate object of good government."

Today, we gather here to sign legislation -- the "Financial Institutions Reform, Recovery, and Enforcement Act of 1989" -- which reaffirms those words.

This legislation comes to grips with the problems facing our savings and loan industry. It will safeguard and stabilize America's financial system. And put in place permanent reforms so these problems will never happen again.

Moreover, it says to tens of millions of S&L depositors: "You will not be the victim of others' mistakes. We will see -- guarantee -- that your insured deposits are secure."

This, of course, was government's intent when Federal Deposit Insurance was created in 1933. Yet as that system incurred massive losses over the past two decades, the fund designed to protect depositors itself became insolvent.

The crisis has been told, and re-told. The federal insurance fund was unable to make good on its commitments to the public, or to close insolvent institutions. Their losses mounting, hundreds of bankrupt institutions were allowed to continue operating.

On February 6, I announced a plan to change all that. To protect insured depositors. And to responsibly finance the closing or other resolution of all insolvent institutions. We sought to abolish lax regulations; to increase penalties for wrongdoing; and to reform the financial system. And above all, we sought to protect those who have relied on government to faithfully fulfill its obligations.

I take special pleasure in the historic legislation I will sign this morning. For the Task Group on Regulation of Financial Services, which I was proud to chair, began the effort to strengthen our financial system. Its work, and that of many others, was debated and refined by Congress. You see it here: All 371 pages of it. No, the bill's not perfect. But it is a first step, a crucial step, toward restoring public confidence. H.R. 1278 is responsive, and responsible. And for that I salute the Congress. This bill balances America's need for financial security, competitiveness, and equity.

In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a

reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, who took up the cause of the public's interest.

Then there's Treasury Secretary Nick Brady, whose dedicated efforts have been vital and whose leadership has been truly outstanding. And so have those of Director Dick Darman. And I would be remiss not to salute hundreds of others on the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them, of you here today, and so many others, this legislation will give us the tools to make our thrift institutions and our financial system as a whole strong and stable. With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to ensure that not one dollar of insured funds will be lost by any depositor.

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation goes still further.

Beginning today, penalties for wrongdoing by officers and directors of insured institutions will be increased to up to \$1 million per day. And criminal penalties will be toughened from yesterday's slap on the wrist to the clang of a prison door. Those who try and loot the savings of their fellow citizens deserve, and will receive, swift and severe punishment.

Also: Starting today, tougher requirements for safe and sound operating practices will begin to take effect. Never again will America allow any insured institution to operate normally if owners lack sufficient tangible capital to protect depositors and taxpayers alike. And today, too, we begin using the new resources available to accelerate the resolution of failed institutions. And to recover every possible dollar from their assets for the taxpayers. At the same time, seeking to minimize adverse impact on local markets.

These reforms will help our system right itself. For while the S&L crisis isn't behind us, we have met -- and passed -- our first critical test. More hard choices, and challenges, lie ahead. But we will meet them as we have this challenge -- consulting, cooperating, between Congress and the Executive Branch.

As we do, we will keep the new Federal Deposit Insurance System solvent. And help serve those millions of small savers who make America great: The local paperboy looking ahead to

college; the young couple dreaming of their first home; the retired teacher whose savings are her life line. We have a commitment to protect the savings of these Americans and millions like them across the Nation. And we will honor that commitment.

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. We can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here and for your support, both past and future. And now, it is my honor to sign the legislation which will protect our Nation's financial system, and tens of millions of our fellow Americans.

#



ABOARD AIR FORCE ONE

✓ D²

"Contempt" — eye

Will Rogers — ?

Beef up Brady

THE WHITE HOUSE
WASHINGTON

August 8, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON *cw*
FROM: CURT SMITH *CS*
SUBJECT: SAVINGS AND LOAN BILL SIGNING

I. SUMMARY

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(Smith/Martin)
Draft Four
August 8, 1989
S&L

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

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Moreover, it says to tens of millions of S&L depositors: "You will not be the victim of others' mistakes. We will see -- guarantee -- that your insured deposits are secure."

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In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a

reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, who took up the cause of the public's interest.

Then there's Treasury Secretary Nick Brady, whose dedicated efforts have been vital and whose leadership has been truly outstanding. And so have those of Director Dick Darman. And I would be remiss not to salute hundreds of others on the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them, of you here today, and so many others, this legislation will give us the tools to make our thrift institutions and our financial system as a whole strong and stable. With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to ensure that not one dollar of insured funds will be lost by any depositor.

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation goes still further.

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Also: Starting today, tougher requirements for safe and sound operating practices will begin to take effect. Never again will America allow any insured institution to operate normally if owners lack sufficient tangible capital to protect depositors and taxpayers alike. And today, too, we begin using the new resources available to accelerate the resolution of failed institutions. And to recover every possible dollar from their assets for the taxpayers. At the same time, seeking to minimize adverse impact on local markets.

These reforms will help our system right itself. For while the S&L crisis isn't behind us, we have met -- and passed -- our first critical test. More hard choices, and challenges, lie ahead. But we will meet them as we have this challenge -- consulting, cooperating, between Congress and the Executive Branch.

As we do, we will keep the new Federal Deposit Insurance System solvent. And help serve those millions of small savers who make America great: The local paperboy looking ahead to

college; the young couple dreaming of their first home; the retired teacher whose savings are her life line. We have a commitment to protect the savings of these Americans and millions like them across the Nation. And we will honor that commitment.

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. We can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here and for your support, both past and future. And now, it is my honor to sign the legislation which will protect our Nation's financial system, and tens of millions of our fellow Americans.

#

insolvent institutions. Poorly supervised, their losses mounting, hundreds of bankrupt institutions were allowed to continue. ~~And who bore all their risks, and all of those losses? Yes, the American taxpayer.~~

On February '6, I announced a plan to change all that. To protect insured depositors. And to finance -- responsibly, and fairly -- the closing or other resolution of all insolvent institutions. We sought to abolish lax regulations; to increase penalties for wrongdoing; and to reform the financial system. And above all, to protect the citizens who have relied on government to do what is ^{both} legally, and morally, right.

The historic legislation I will sign this morning was tested and refined by Congress. You see it here: All ___ pages of it. No, the bill's not perfect. And it is only a first step toward restoring public confidence ~~to full health~~. But H.R. 1278 is responsive, and responsible. For it balances America's financial need for security, competitiveness, and equity.

Working together

You know, that famous philosopher, Yogi Berra, once observed, "It's never over 'til it's over." Of course, Yogi also said: "You observe a lot by watching." Well, I'm sure there were times you thought these negotiations would never be over. ~~But you observed, and bargained in good faith, and did your Nation proud.~~ To all of you in the Congress, my congratulations.

In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and

*we can't
control
the
we can't make
spending
criminal income.*

Representative Chalmers Wylie, who helped make these proposals a reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, who were "answerable to the people."

Then there's Treasury Secretary Nick Brady: His efforts have been vital. And so have those of Director Dick Darman, ~~and Richard Breeden~~, who have worked on this issue from the beginning. And I would be remiss not to salute hundreds of others in the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them -- of you -- this legislation will give us the tools to make our thrift institutions strong and stable. And our financial system as a whole. No, I don't promise a Rose Garden in the Rose Garden. But I do say: With this bill's substantial funding, we will begin -- here, now -- to eliminate the ongoing losses of the insolvent firms. And to ensure that not one dollar of insured funds will be lost by any depositor.

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Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal

displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation ~~boasts more,~~ *goes even further*

Beginning today, penalties for wrongdoing by insured officers and directors of insured institutions will be increased to up to \$1 million per day. And criminal penalties will be ~~increased~~ from a slap on the wrist to the clang of a prison door. Those who try and loot the savings of their fellow citizens deserve, and ~~must~~ ^{will} receive, our contempt. *Prove*

Also: Beginning today, tougher requirements for safe and sound operating practices will take effect. Never again ~~should~~ ^{will} America allow any insured institution to operate normally if owners lack ^{sub} ~~substantial~~ capital, ~~at risk in front of~~ depositors and taxpayers. And today, too, we begin the task of resolving failed institutions -- and recovering ^{more} every possible dollar from their assets for the taxpayers. Yet we will seek to minimize adverse impact on local markets. ~~And to be sensitive to the need of local communities for low-cost, affordable housing.~~ *?*

These reforms will help our system right itself. For while the S&L crisis isn't behind us, the worst -- I believe -- is over. Yes, we will face more hard choices ahead, and challenges. Yet we will meet them as we have this challenge: As friends, and bi-partisan colleagues -- consulting, cooperating, between Congress and the Executive Branch.

The great American humorist, Will Rogers, was once asked

about the place of politics. "Politics isn't worrying our people," he said, "half as much as parking space." And he was right. Americans shouldn't have to worry about politics, or public honesty, or our financial system. We must do our job, so that they can do theirs.

Ladies and gentlemen, in Winston Churchill's words, "this is not the end" of our quest to combat the S&L crisis. "It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

With your help, we can keep America's economy No. 1 in the world. And by remaining "answerable to the people," we can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here. And your support, both past and future. And now, it is my honor to sign the legislation which protects tens of millions of Savings and Loan depositors.

#

little guy

Savings & deposits.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/8/89 ACTION/CONCURRENCE/COMMENT DUE BY: 8/8/89 5:30 PM

SUBJECT: PRESIDENTIAL REMARKS: SAVINGS AND LOAN SIGNING

5:05 / 5:35

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE <i>N/C phone</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT <i>N/C phone</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST <i>inside folder</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GRAY <i>Rob 7953 N/C phone</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:30 TODAY, Tuesday, August 8, with a copy to my office. Thank you.

RESPONSE:

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Smith/Martin)
Draft Three
August 8, 1989
S&L

1989 AUG -8 PM 3:4

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

Members of the House and Senate, Ladies and gentlemen,
Friends.

Just.
That great patriot, Daniel Webster, once referred to "the people's government -- made for the people, made by the people, and answerable to the people."

Today, we gather here to sign legislation -- the "Financial Institution ^(S) Reform, Recovery, and Enforcement Act of 1989" -- which reaffirms those words.

This legislation comes to grips with the problems facing our savings and loan industry. ^{IF} And ^{IF} will safeguard and stabilize America's financial system. ~~But~~ Moreover, it says to tens of millions of S&L depositors: "You will not be the victim of others' mistakes. We will see -- guarantee -- that your ^(insured) deposits are secure."

insurance was
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The crisis has been told, and re-told. ^{Federal insurance} The ~~X~~ fund was unable to make good on its commitments to the public, or to close

and put in place permanent reforms so the problems will never ~~see~~ happen again.

insolvent institutions. ~~Poorly supervised,~~ ^{operating} their losses mounting, hundreds of bankrupt institutions were allowed to continue ~~x~~

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The historic legislation I will sign this morning was ^{debated} tested and refined by Congress. You see it here: All 371 pages of it. No, the bill's not perfect. ^{But} it is only a first step, ^{a crucial step} toward restoring public confidence. ~~But~~ H.R. 1278 is responsive, and responsible. And for that I salute the Congress. ~~For~~ this bill balances America's need for financial security, competitiveness, and equity.

In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, who were ^{took up the cause of a bipartisan public interest.} "answerable to the people."

Then there's Treasury Secretary Nick Brady: ^{whose leadership and have been truly outstanding.} ~~His~~ efforts ^{whose dedicated have been vital} and ~~have been vital.~~ And so have those of Director Dick Darman, who

~~has worked on this issue from the beginning.~~ And I would be remiss not to salute hundreds of others ^{on} in the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them -- ^{and here today and so many others,} of ~~you~~ ¹ -- this legislation will give us the tools to make our thrift institutions ^{and our financial system as a whole} strong and stable. ~~And our financial system as a whole.~~ With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. ^{and ... insert A} And to recover every possible dollar from their assets for the taxpayers. ^{move insert b}

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation goes still further.

Beginning today, penalties for wrongdoing by ~~insured~~ officers and directors of insured institutions will be increased to up to \$1 million per day. And criminal penalties will be toughened from yesterday's slap on the wrist to the clang of a

prison door. ~~Those who try and loot the savings of their fellow citizens deserve, and will receive, our contempt.~~ *stet* *swift punishment.*

Also: ~~Beginning today, tougher requirements for safe and sound operating practices will take effect. Never again will America allow any insured institution to operate normally if owners lack sufficient capital to protect depositors and taxpayers alike. And today, too, we begin the task of resolving failed institutions. Yet, we will also seek to minimize adverse impact on local markets.~~ *standing* *(begin to)* *stet* *stet* *tangible* *using the new resources available to accelerate* *the resolution of* *at the same time* *we have met and passed our first on tea leg.*

These reforms will help our system ~~(right itself. For while the S&L crisis isn't behind us, the worst -- I believe -- is over. Yes, we will face more hard choices ahead, and challenges. Yet we will meet them as we have this challenge: As friends, and bi-partisan colleagues -- consulting, cooperating, between Congress and the Executive Branch.~~ *we have reached the turning point* *lie ahead*

The great American humorist, Will Rogers, was once asked about the place of politics. "Politics isn't worrying our people," he said, "half as much as parking space." And he was right. Americans shouldn't have to worry about politics, or public honesty, or our financial system. We must do our job, so that they can do theirs." *bridge*

~~If we do, we will keep the system solvent. And help serve those millions of small savers who make America great: The local paperboy looking ahead to college; the young couple dreaming of their first home; the retired teacher whose savings are her life line. They have earned our help. And they must have it.~~ *(new federal deposit insurance)* *We have a duty to* *And we must meet that duty.*

We have a commitment to protect the savings of these and millions like them across the nation. And we will honor that commitment.

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. And by remaining "answerable to the people," we can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here. ^{So} And your support, both past and future. And now, it is my honor to sign the legislation which ^{will} protects tens of millions of ^{our fellow Americans.} ~~Savings and Loan~~ depositors.

#

^{and}
our nations financial system

is the fruit

WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/8/89 ACTION/CONCURRENCE/COMMENT DUE BY: 8/8/89 5:30 PM

SUBJECT: PRESIDENTIAL REMARKS: SAVINGS AND LOAN SIGNING

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:30 TODAY, Tuesday, August 8, with a copy to my office. Thank you.

RESPONSE: *See comments.*

80 AUG 8 15

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOTICE:

Enclosed are comments from staff members of the Office of Management and Budget (OMB). Such comments do not necessarily represent the official position of the Director of OMB or of the Office of Management and Budget. If you wish to have the Director's personal comments, please let me know -- and contact me if you have any questions.

David J. Haun
Executive Assistant
to the Director

(Smith/Martin)
Draft Three
August 8, 1989
S&L

1989 MSG - 3 11 3

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

Members of the House and Senate, Ladies and gentlemen,
Friends.

That great patriot, Daniel Webster, once referred to "the
people's government -- made for the people, made by the people,
and answerable to the people."

Today, we gather here to sign legislation -- the "Financial
Institutions Reform, Recovery, and Enforcement Act of 1989" --
which reaffirms those words.

This legislation comes to grips with the problems facing our
savings and loan industry. ^{It} And will safeguard and stabilize
America's financial system. Moreover, it says to tens of
millions of S&L depositors: "You will not be the victim of
others' mistakes. We will see -- guarantee -- that your deposits
are secure."

This, of course, was government's intent when S&L
institutions were created ^{in the early 1930s} ~~[at the Federal level]~~ in 1933. ~~[yet as~~
~~that system incurred massive losses over the past two decades,~~
~~the fund designed to protect depositors itself became insolvent.]~~

The crisis has been told, and re-told. The ^{federal insurance} fund was unable
to make good on its commitments to the public, or to close

Does this
over-emphasize
the payee con-
tributions?
Ryder X4516

federal deposit insurance on
the federal regulatory structure
for

al-Sama

Ryder
X451

insolvent institutions. Poorly supervised, their losses mounting, hundreds of bankrupt institutions were allowed to continue.

On February 6, I announced a plan to change all that. ^{We sought} ~~to~~ protect insured depositors. And to finance -- responsibly, and fairly -- the closing or other resolution of all insolvent institutions. ~~[We sought]~~ ^{to} abolish lax regulations; to increase penalties for wrongdoing; and to reform the financial system. And above all, to protect those who have relied on government to do what is both legally and morally right.

The historic legislation I will sign this morning was ~~[tested]~~ ^{debated -?} and refined by Congress. You see it here: All 371 pages of it. ^{Revised x457} No, the bill's not perfect. And it is only a first step toward ^{Revised x457-16} restoring public confidence. But H.R. 1278 is responsive, and responsible. And for that I salute the Congress. For this bill balances America's need for financial security, competitiveness, and equity.

In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, who were "answerable to the people."

Then there's Treasury Secretary Nick Brady: His efforts have been vital. And so have those of Director Dick Darman, who

has worked on this issue from the beginning. And I would be remiss not to salute hundreds of others in the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them -- of you -- this legislation will give us the tools to make our thrift institutions strong and stable. And to make our financial system as a whole ^(strong and stable) With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to recover every possible dollar from their assets for the taxpayers. Mollin
x306'

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring ^{that} the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation goes still further.

Beginning today, penalties for wrongdoing by insured officers and directors of insured institutions will be increased to up to \$1 million per day. And criminal penalties will be toughened from yesterday's slap on the wrist to the clang of a Ryder
x4516

prison door. Those who try and loot the savings of their fellow citizens deserve, and will receive, our contempt.

Also: Beginning today, tougher requirements for safe and sound operating practices will take effect. Never again will America allow any insured institution to ^{continue} operating normally if owners lack sufficient capital to protect depositors and taxpayers alike. And today, too, we begin ^{using the new resources available} ~~the task of resolving~~ failed institutions. Yet we will also seek to minimize adverse impact on local markets. *Ryder X4516 acceler. the res. tion of*

These reforms will help our system right itself. For while the S&L crisis isn't behind us, the worst -- I believe -- is over. Yes, we will face more hard choices ahead, and challenges. Yet we will meet them as we have this challenge: As friends, and bi-partisan colleagues -- consulting, cooperating, between Congress and the Executive Branch. *Ryder X4517*

The great American humorist, Will Rogers, was once asked about the place of politics. "Politics isn't worrying our people," he said, "half as much as parking space." And he was right. Americans shouldn't have to worry about politics, or public honesty, or our financial system. We must do our job, so that they can do theirs. *new federal deposit insurance Ryder X4516*

If we do, we will keep the system solvent. And help serve those millions of small savers who make America great: The local paperboy looking ahead to college; the young couple dreaming of their first home; the retired teacher whose savings are her life line. They have earned our help. And they must have it.

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. And by remaining "answerable to the people," we can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here, ~~And~~ your support, both past and future. And now, it is my honor to sign the legislation which protects tens of millions of Savings and Loan depositors.

#

and ensure that the
taxpayer interests are
also addressed.

Ryder
x4516

WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/8/89 ACTION/CONCURRENCE/COMMENT DUE BY: 8/8/89 5:30 PM

SUBJECT: PRESIDENTIAL REMARKS: SAVINGS AND LOAN SIGNING

	ACTION		FYI			ACTION		FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN →	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:30 TODAY, Tuesday, August 8, with a copy to my office. Thank you.

RESPONSE:

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Smith/Martin)
Draft Three
August 8, 1989
S&L

1989 AUG - 8 PM 3:45

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

Members of the House and Senate, Ladies and gentlemen,
Friends.

That great patriot, Daniel Webster, once referred to "the
people's government -- made for the people, made by the people,
and answerable to the people."

Today, we gather here to sign legislation -- the "Financial
Institution Reform, Recovery, and Enforcement Act of 1989" --
which reaffirms those words.

This legislation comes to grips with the problems facing our
savings and loan industry. And will safeguard and stabilize
America's financial system. Moreover, it says to tens of
millions of S&L depositors: "You will not be the victim of
others' mistakes. We will see -- guarantee -- that your
deposits are secure."

This, of course, was government's intent when ~~S&L~~
~~institutions~~ were created at the ~~Federal~~ level in 1933. Yet as
that system incurred massive losses over the past two decades,
the fund designed to protect depositors itself became insolvent.

The crisis has been told, and re-told. The fund was unable
to make good on its commitments to the public, or to close

- we want to note the President's recommendation this from 1984 that would have prevented the mess except for Jim Wright, Colby, et al.

Re-insert my first paragraph

it

insured

what was?

Federal deposit insurance was

(circled)

insolvent institutions. Poorly supervised, their losses mounting, hundreds of bankrupt institutions were allowed to continue operating.

On February 6, I announced a plan to change all that. ^{This program} ~~to~~ ^{was intended} protect insured depositors, And to finance responsibly ~~and~~ fairly the closing or other resolution of all insolvent institutions. We sought to abolish tax regulations; to increase penalties for wrongdoing; and to reform the financial system. ^{we sought} And above all, to protect those who have relied on government to do what is both legally and morally right.

The historic legislation I will sign this morning was tested and refined by Congress. You see it here: All pages of it.

No, the bill's not perfect. . And it is only a first step toward restoring public confidence. But H.R. 1278 ^{is} responsive, and responsible. ^{And} ~~for that~~ I salute the Congress. ^{For} ~~this~~ bill balances America's need for financial security, competitiveness, and equity. ^{an excellent bill}

In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, ^{took up the cause of responsible} ~~who were "answerable to the people."~~ ^{legislation.}

Then there's Treasury Secretary Nick Brady: His efforts have been vital. ~~And so have those of Director Dick Darman, who~~

and to begin eliminating the further losses of insolvent firms.

isn't perfect, but overall it is an excellent bill that incorporates the vital elements necessary to restore a safe and stable system

~~has worked on this issue from the beginning.~~ And I would be remiss not to salute hundreds of others in the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

~~Because of them~~ ~~of you~~ This legislation will give us the tools ^{for restoring strength and stability} to ~~make~~ our thrift institutions ~~strong and stable.~~ And our financial system as a whole. With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to recover every possible dollar from their assets for the taxpayers.

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation goes still further.

Beginning today, penalties for wrongdoing by insured officers and directors of insured institutions will be increased to up to \$1 million per day. And criminal penalties will be toughened from yesterday's slap on the wrist to the clang of a

In accomplishing this effort, not one dollar of insured funds will be lost by any depositor.

This agency will not have anything to do with asset recoveries

→ X to p 4

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. And by remaining "answerable to the people," we can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here. And your support, both past and future. And now, it is my honor to ~~sign the~~ legislation which protects tens of millions of Savings and Loan depositors.

#

will ~~put us on the~~
~~path~~

helps protect our

[nation,
markets,
financial system]

Bill
strengthens
much more
than S+Ls
banking too

THE WHITE HOUSE
WASHINGTON



August 8, 1989

MEMORANDUM FOR CHRISS WINSTON
DEPUTY ASSISTANT TO THE PRESIDENT
FOR COMMUNICATIONS

FROM: ROBERT J. PORTMAN *RJP*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: Savings and Loan Signing

Pursuant to James W. Cicconi's staffing request of August 8, 1989, Counsel's Office has reviewed the above-referenced Presidential remarks. We have no legal objection to the contents of these remarks.

Thank you for bringing this matter to our attention.

cc: James W. Cicconi

89 AUG 8 5:53

WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/8/89

ACTION/CONCURRENCE/COMMENT DUE BY: _____

8/8/89 5:30 PM

SUBJECT: PRESIDENTIAL REMARKS: SAVINGS AND LOAN SIGNING

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:30 TODAY, Tuesday, August 8, with a copy to my office. Thank you.

89 AUG 8 5:39

RESPONSE:

See Comments 8/8/89

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

1989 AUG - 9 11 3 4

(Smith/Martin)
Draft Three
August 8, 1989
S&L

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

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Friends.

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This legislation comes to grips with the problems facing our savings and loan industry. ~~And~~ ^{It} will safeguard and stabilize America's financial system. Moreover, it says to tens of millions of S&L depositors: "You will not be the victim of others' mistakes. We will see -- guarantee -- that your deposits are secure."

This, of course, was government's intent when S&L institutions were created at the Federal level in 1933. Yet as that system incurred massive losses over the past two decades, the fund designed to protect depositors itself became insolvent.

The crisis has been told, and re-told. The fund was unable to make good on its commitments to the public, or to close

— Michael Jackson - 2800 - cabinet affairs.

insolvent institutions. Poorly supervised, their losses mounting, hundreds of bankrupt institutions were allowed to continue.

On February 6, I announced a plan to change all that. To protect insured depositors. And to finance -- responsibly, and fairly -- the closing or other resolution of all insolvent institutions. We sought to abolish lax regulations; to increase penalties for wrongdoing; and to reform the financial system. And above all, to protect those who have relied on government to do what is both legally and morally right.

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Then there's Treasury Secretary Nick Brady: His efforts have been vital. And so have those of Director Dick Darman, who

→ look on
+ the problem

has worked on this issue from the beginning. And I would be remiss not to salute hundreds of others in the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them -- of you -- this legislation will give us the tools to make our thrift institutions strong and stable. ~~And our financial system as a whole.~~ With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to recover every possible dollar from their assets for the taxpayers.

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prison door. Those who try and loot the savings of their fellow citizens deserve, and will receive, our contempt.

Also: Beginning today, tougher requirements for safe and sound operating practices will take effect. Never again will America allow any insured institution to operate normally if owners lack sufficient capital to protect depositors and taxpayers alike. And today, too, we ~~begin~~ the task of resolving failed institutions. Yet we will ~~also~~ seek to minimize adverse impact on local markets.

These reforms will help our system right itself. For while the S&L crisis isn't behind us, the worst -- I believe -- is over. Yes, we will face more hard choices ahead, and challenges. Yet we will meet them as we have this challenge: As ~~friends~~, and bi-partisan colleagues -- consulting, cooperating, between Congress and the Executive Branch.

The great American humorist, Will Rogers, was once asked about the place of politics. "Politics isn't worrying our people," he said, "half as much as parking space." And he was right. Americans shouldn't have ~~to~~ worry about politics, or public honesty, or ^{the security of our} ~~our~~ financial system. We must do our job, so that they can do theirs.

If we do, we will keep the system solvent. And help serve those millions of small savers who make America great: The local paperboy looking ahead to college; the young couple dreaming of their first home; the retired teacher whose savings are her life line. They have earned our help. And they must have it.

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. And by remaining "answerable to the people," we can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here. And your support, both past and future. And now, it is my honor to sign the legislation which protects tens of millions of Savings and Loan depositors.

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 8/8/89 ACTION/CONCURRENCE/COMMENT DUE BY: 8/8/89 5:30 PM

SUBJECT: PRESIDENTIAL REMARKS: SAVINGS AND LOAN SIGNING

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than 5:30 TODAY, Tuesday, August 8, with a copy to my office. Thank you.

RESPONSE:

89 AUG 8 5:23 PM

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

THE WHITE HOUSE
WASHINGTON

August 7, 1989

Memorandum to Chriss Winston

From: Austen Furse *A.F.*

Subject: Savings And Loan Signing Ceremony Draft Speech

pg. 1, para. 2, line 1 Even though it spoils the symmetry of the introduction and the "answerable to the people" line of the conclusion, we suggest using a quotation from some figure other than Daniel Webster. The reason is Webster's historical reputation for financial misconduct: he was in the pay of the railroads -- a fact that resurfaced during the Wright affair.

It should not be hard to locate another quotation that gets across the "answerable to the people" theme by an historical figure famous for personal integrity (e.g., George Washington, Albert Gallatin -- Jefferson's Treasury Secretary, Harry Truman, Sam Rayburn, or, assuming he cannot be accused of having contributed to the problem as Senate Banking Committee Chairman, William Proxmire). We will avoid a potential embarrassment in doing so.

2, 2, 6-7 "...to protect those who have relied on government to do what is both legally and morally right."

The "legally and morally right" phrase seems to anticipate an argument that it was not legally and morally right for the government to have insured depositors.

Because many reasonable people would argue that the government should not be in the business of insuring deposits in the first place, this phrase may unnecessarily provoke a critique, e.g., by the Wall Street Journal editorial page. We suggest, therefore, that instead of "do what is both legally and morally right," the phrase "faithfully fulfill its obligations," be used.

89 AUG 8 8 53 AM '89

(more)

2-2-2

4,1,2 "Those who try and loot the savings of their fellow citizens deserve, and will receive, our contempt."

After the previous sentence invoking the image of prison doors, this line, which speaks only of contempt, comes as an anti-climax. To continue the parallelism with prison doors, i.e., criminal punishment, we suggest adding after "contempt" a phrase such as "and the swiftest possible application of justice," or "and a condign punishment," or "and the severest punishment consistent with justice."

4,5,5 "The local paperboy...the young couple...the retired teacher....They have earned our help."

It is not the case that these vulnerable savers should be helped because they have earned the government's help -- that suggests that the government deigns or condescends to help them. The government is not being obliging to help, it is obligated to help. Thus, instead of "They have earned our help. And they must have it," we suggest "We have a duty to help. And we must meet that duty."

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GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

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RESPONSE: _____

James W. Cicconi
 Assistant to the President
 and Deputy to the Chief of Staff
 Ext. 2702

(Smith/Martin)
Draft Three
August 8, 1989
S&L

PRESIDENTIAL REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

Members of the House and Senate, Ladies and gentlemen,
Friends.

That great patriot, Daniel Webster, once referred to "the people's government -- made for the people, made by the people, and answerable to the people."

Today, we gather here to sign legislation -- the "Financial Institution Reform, Recovery, and Enforcement Act of 1989" -- which reaffirms those words.

This legislation comes to grips with the problems facing our savings and loan industry. And will safeguard and stabilize America's financial system. Moreover, it says to tens of millions of S&L depositors: "You will not be the victim of others' mistakes. We will see -- guarantee -- that your deposits are secure."

This, of course, was government's intent when S&L institutions were created at the Federal level in 1933. Yet as that system incurred massive losses over the past two decades, the fund designed to protect depositors itself became insolvent.

The crisis has been told, and re-told. The fund was unable to make good on its commitments to the public, or to close

insolvent institutions. Poorly supervised, their losses mounting, hundreds of bankrupt institutions were allowed to continue.

On February 6, I announced a plan to change all that. To protect insured depositors. And to finance -- responsibly, and fairly -- the closing or other resolution of all insolvent institutions. We sought to abolish lax regulations; to increase penalties for wrongdoing; and to reform the financial system. And above all, to protect those who have relied on government to do what is both legally and morally right.

The historic legislation I will sign this morning was tested and refined by Congress. You see it here: All ___ pages of it. No, the bill's not perfect. And it is only a first step toward restoring public confidence. But H.R. 1278 is responsive, and responsible. And for that I salute the Congress. For this bill balances America's need for financial security, competitiveness, and equity.

In particular, I want to thank two committee chairmen -- Senator Donald Riegle and Representative Henry B. Gonzalez -- for their leadership. And they were aided by Senator Jake Garn and Representative Chalmers Wylie, who helped make these proposals a reality. And Senator Phil Gramm. And numerous other members of the banking and other committees, from both sides of the aisle, who were "answerable to the people."

Then there's Treasury Secretary Nick Brady: His efforts have been vital. And so have those of Director Dick Darman, who

has worked on this issue from the beginning. And I would be remiss not to salute hundreds of others in the staffs of the various regulatory agencies and Congressional committees. They, too, deserve our thanks.

Because of them -- of you -- this legislation will give us the tools to make our thrift institutions strong and stable. And our financial system as a whole. With this bill's substantial funding, we will begin -- here, and now -- to eliminate the ongoing losses of the insolvent firms. And to recover every possible dollar from their assets for the taxpayers.

Toward that end, this legislation abolishes the agency once responsible for thrift supervision. In its place a new agency will operate as part of the Treasury Department -- ensuring the taxpayers' interests will always come first.

At the same time, a completely new insurance fund will protect deposits in thrift institutions. The obligations of this new fund -- called SAIF [SAFE] -- will be fully guaranteed by the full faith and credit of the United States. The new seal displayed here symbolizes this new fund, and our commitment to protecting depositors.

Good steps? Vital steps. And this legislation goes still further.

Beginning today, penalties for wrongdoing by insured officers and directors of insured institutions will be increased to up to \$1 million per day. And criminal penalties will be toughened from yesterday's slap on the wrist to the clang of a

prison door. Those who try and loot the savings of their fellow citizens deserve, and will receive, our contempt.

Also: Beginning today, tougher requirements for safe and sound operating practices will take effect. Never again will America allow any insured institution to operate normally if owners lack sufficient capital to protect depositors and taxpayers alike. And today, too, we begin the task of resolving failed institutions. Yet we will also seek to minimize adverse impact on local markets.

These reforms will help our system right itself. For while the S&L crisis isn't behind us, the worst -- I believe -- is over. Yes, we will face more hard choices ahead, and challenges. Yet we will meet them as we have this challenge: As friends, and bi-partisan colleagues -- consulting, cooperating, between Congress and the Executive Branch.

The great American humorist, Will Rogers, was once asked about the place of politics. "Politics isn't worrying our people," he said, "half as much as parking space." And he was right. Americans shouldn't have to worry about politics, or public honesty, or our financial system. We must do our job, so that they can do theirs.

If we do, we will keep the system solvent. And help serve those millions of small savers who make America great: The local paperboy looking ahead to college; the young couple dreaming of their first home; the retired teacher whose savings are her life line. They have earned our help. And they must have it.

Together -- Republicans and Democrats -- we can keep America's economy No. 1 in the world. And by remaining "answerable to the people," we can -- and will -- preserve a safe, efficient, and equitable financial system for ourselves and, yes, for our kids.

Thank you for coming here. And your support, both past and future. And now, it is my honor to sign the legislation which protects tens of millions of Savings and Loan depositors.

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REMARKS: SAVINGS & LOAN SIGNING
ROSE GARDEN
WEDNESDAY, AUGUST 9, 1989
10:45 A.M.

SECRETARY BRADY, DIRECTOR DARMAN, SENATORS RIEGLE
AND GRAMM, CONGRESSMEN WYLIE AND GONZALEZ, OTHER
MEMBERS OF THE HOUSE AND SENATE, LADIES AND GENTLEMEN,
FRIENDS.

- 2 -

THOMAS JEFFERSON ONCE OBSERVED THAT "THE CARE OF
HUMAN LIFE AND HAPPINESS, AND NOT THEIR DESTRUCTION, IS
THE FIRST AND ONLY LEGITIMATE OBJECT OF GOOD
GOVERNMENT."

TODAY, WE GATHER HERE TO SIGN LEGISLATION -- THE
"FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND
ENFORCEMENT ACT OF 1989" -- WHICH REAFFIRMS THOSE
WORDS.

THIS LEGISLATION COMES TO GRIPS WITH THE PROBLEMS FACING OUR SAVINGS AND LOAN INDUSTRY. IT WILL SAFEGUARD AND STABILIZE AMERICA'S FINANCIAL SYSTEM. AND PUT IN PLACE PERMANENT REFORMS SO THESE PROBLEMS WILL NEVER HAPPEN AGAIN.

MOREOVER, IT SAYS TO TENS OF MILLIONS OF S&L DEPOSITORS: "YOU WILL NOT BE THE VICTIM OF OTHERS' MISTAKES. WE WILL SEE -- GUARANTEE -- THAT YOUR INSURED DEPOSITS ARE SECURE."

THIS, OF COURSE, WAS GOVERNMENT'S INTENT WHEN FEDERAL DEPOSIT INSURANCE WAS CREATED IN 1933. YET AS THAT SYSTEM INCURRED MASSIVE LOSSES OVER THE PAST TWO DECADES, THE FUND DESIGNED TO PROTECT DEPOSITORS ITSELF BECAME INSOLVENT.

THE CRISIS HAS BEEN TOLD, AND RE-TOLD. THE FEDERAL INSURANCE FUND WAS UNABLE TO MAKE GOOD ON ITS COMMITMENTS TO THE PUBLIC, OR TO CLOSE INSOLVENT INSTITUTIONS.

THEIR LOSSES MOUNTING, HUNDREDS OF BANKRUPT INSTITUTIONS WERE ALLOWED TO CONTINUE OPERATING.

ON FEBRUARY 6, I ANNOUNCED A PLAN TO CHANGE ALL THAT. TO PROTECT INSURED DEPOSITORS. AND TO RESPONSIBLY FINANCE THE CLOSING OR OTHER RESOLUTION OF ALL INSOLVENT INSTITUTIONS. WE SOUGHT TO ABOLISH LAX REGULATIONS; TO INCREASE PENALTIES FOR WRONGDOING; AND TO REFORM THE FINANCIAL SYSTEM.

AND ABOVE ALL, WE SOUGHT TO PROTECT THOSE WHO HAVE RELIED ON GOVERNMENT TO FAITHFULLY FULFILL ITS OBLIGATIONS.

I TAKE SPECIAL PLEASURE IN THE HISTORIC LEGISLATION I WILL SIGN THIS MORNING. FOR THE TASK GROUP ON REGULATION OF FINANCIAL SERVICES, WHICH I WAS PROUD TO CHAIR, BEGAN THE EFFORT TO STRENGTHEN OUR FINANCIAL SYSTEM. ITS WORK, AND THAT OF MANY OTHERS, WAS DEBATED AND REFINED BY CONGRESS.

- 7 -

YOU SEE IT HERE: ALL 371 PAGES OF IT. NO, THE BILL'S NOT PERFECT. BUT IT IS A FIRST STEP, A CRUCIAL STEP, TOWARD RESTORING PUBLIC CONFIDENCE. H.R. 1278 IS RESPONSIVE, AND RESPONSIBLE. AND FOR THAT I SALUTE THE CONGRESS. THIS BILL BALANCES AMERICA'S NEED FOR FINANCIAL SECURITY, COMPETITIVENESS, AND EQUITY.

IN PARTICULAR, I WANT TO THANK TWO COMMITTEE CHAIRMEN -- SENATOR DONALD RIEGLE AND REPRESENTATIVE HENRY B. GONZALEZ -- FOR THEIR LEADERSHIP.

- 8 -

AND THEY WERE AIDED BY SENATOR JAKE GARN AND REPRESENTATIVE CHALMERS WYLIE, WHO HELPED MAKE THESE PROPOSALS A REALITY. AND SENATOR PHIL GRAMM. AND NUMEROUS OTHER MEMBERS OF THE BANKING AND OTHER COMMITTEES, FROM BOTH SIDES OF THE AISLE, WHO TOOK UP THE CAUSE OF THE PUBLIC'S INTEREST.

THEN THERE'S TREASURY SECRETARY NICK BRADY, WHOSE DEDICATED EFFORTS HAVE BEEN VITAL AND WHOSE LEADERSHIP HAS BEEN TRULY OUTSTANDING.

AND SO HAVE THOSE OF DIRECTOR DICK DARMAN. AND I WOULD BE REMISS NOT TO SALUTE HUNDREDS OF OTHERS ON THE STAFFS OF THE VARIOUS REGULATORY AGENCIES AND CONGRESSIONAL COMMITTEES. THEY, TOO, DESERVE OUR THANKS.

BECAUSE OF THEM, OF YOU HERE TODAY, AND SO MANY OTHERS, THIS LEGISLATION WILL GIVE US THE TOOLS TO MAKE OUR THRIFT INSTITUTIONS AND OUR FINANCIAL SYSTEM AS A WHOLE STRONG AND STABLE.

WITH THIS BILL'S SUBSTANTIAL FUNDING, WE WILL BEGIN -- HERE, AND NOW -- TO ELIMINATE THE ONGOING LOSSES OF THE INSOLVENT FIRMS. AND TO ENSURE THAT NOT ONE DOLLAR OF INSURED FUNDS WILL BE LOST BY ANY DEPOSITOR.

TOWARD THAT END, THIS LEGISLATION ABOLISHES THE AGENCY ONCE RESPONSIBLE FOR THRIFT SUPERVISION. IN ITS PLACE A NEW AGENCY WILL OPERATE AS PART OF THE TREASURY DEPARTMENT -- ENSURING THE TAXPAYERS' INTERESTS WILL ALWAYS COME FIRST.

- 11 -

AT THE SAME TIME, A COMPLETELY NEW INSURANCE FUND WILL PROTECT DEPOSITS IN THRIFT INSTITUTIONS. THE OBLIGATIONS OF THIS NEW FUND -- CALLED THE SAVINGS ASSOCIATION INSURANCE FUND -- SAIF [SAFE] -- WILL BE FULLY GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES. THE NEW SEAL DISPLAYED HERE SYMBOLIZES THIS NEW FUND, AND OUR COMMITMENT TO PROTECTING DEPOSITORS.

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GOOD STEPS? VITAL STEPS. AND THIS LEGISLATION GOES STILL FURTHER.

BEGINNING TODAY, PENALTIES FOR WRONGDOING BY OFFICERS AND DIRECTORS OF INSURED INSTITUTIONS WILL BE INCREASED TO UP TO \$1 MILLION PER DAY. AND CRIMINAL PENALTIES WILL BE TOUGHENED FROM YESTERDAY'S SLAP ON THE WRIST TO THE CLANG OF A PRISON DOOR. THOSE WHO TRY AND LOOT THE SAVINGS OF THEIR FELLOW CITIZENS DESERVE, AND WILL RECEIVE, SWIFT AND SEVERE PUNISHMENT.

ALSO: STARTING TODAY, TOUGHER REQUIREMENTS FOR SAFE AND SOUND OPERATING PRACTICES WILL BEGIN TO TAKE EFFECT. NEVER AGAIN WILL AMERICA ALLOW ANY INSURED INSTITUTION TO OPERATE NORMALLY IF OWNERS LACK SUFFICIENT TANGIBLE CAPITAL TO PROTECT DEPOSITORS AND TAXPAYERS ALIKE. AND TODAY, TOO, WE BEGIN USING THE NEW RESOURCES AVAILABLE TO ACCELERATE THE RESOLUTION OF FAILED INSTITUTIONS. AND TO RECOVER EVERY POSSIBLE DOLLAR FROM THEIR ASSETS FOR THE TAXPAYERS.

AT THE SAME TIME, WE WILL SEEK TO MINIMIZE ADVERSE IMPACT ON LOCAL MARKETS.

THESE REFORMS WILL HELP OUR SYSTEM RIGHT ITSELF. FOR WHILE THE S&L CRISIS ISN'T BEHIND US, WE HAVE MET -- AND PASSED -- OUR FIRST CRITICAL TEST. MORE HARD CHOICES, AND CHALLENGES, LIE AHEAD. BUT WE WILL MEET THEM AS WE HAVE THIS CHALLENGE -- CONSULTING, COOPERATING, BETWEEN CONGRESS AND THE EXECUTIVE BRANCH.

- 15 -

AS WE DO, WE WILL KEEP THE NEW FEDERAL DEPOSIT INSURANCE SYSTEM SOLVENT. AND HELP SERVE THOSE MILLIONS OF SMALL SAVERS WHO MAKE AMERICA GREAT: THE LOCAL PAPERBOY LOOKING AHEAD TO COLLEGE; THE YOUNG COUPLE DREAMING OF THEIR FIRST HOME; THE RETIRED TEACHER WHOSE SAVINGS ARE HER LIFE LINE. WE HAVE A COMMITMENT TO PROTECT THE SAVINGS OF THESE AMERICANS AND MILLIONS LIKE THEM ACROSS THE NATION. AND WE WILL HONOR THAT COMMITMENT.

- 16 -

TOGETHER -- REPUBLICANS AND DEMOCRATS -- WE CAN KEEP AMERICA'S ECONOMY NO. 1 IN THE WORLD. WE CAN -- AND WILL -- PRESERVE A SAFE, EFFICIENT, AND EQUITABLE FINANCIAL SYSTEM FOR OURSELVES AND, YES, FOR OUR KIDS.

THANK YOU FOR COMING HERE AND FOR YOUR SUPPORT, BOTH PAST AND FUTURE.

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AND NOW, IT IS MY HONOR TO SIGN THE LEGISLATION WHICH
WILL PROTECT OUR NATION'S FINANCIAL SYSTEM, AND TENS OF
MILLIONS OF OUR FELLOW AMERICANS.

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