



IBAA
INDEPENDENT BANKERS
ASSOCIATION OF AMERICA

6-17

MEMO

From
Kenneth A. Guenther

JUN 18 1991

Resp. Yentler

Hi Clayton--

The full House Banking Committee will start the markup of the massive financial reform package on Wednesday.

The record will show that we asked to meet with the Treasury before the subcommittee markup to avoid a showdown on deposit insurance. *There was a meeting but* The Treasury wasn't willing to talk with us about this unless we were willing to put interstate branching on the table--and we cannot deal on the basis of any such linkage. So we beat the President and the Treasury on the first vote out of the box by an 18-17 vote.

Since that time the coalition behind the Hubbard--protect existing levels of deposit insurance amendment--has grown stronger and I think we have the votes in full Committee. Note the Chamber and AARP are now on board our coalition. Note the support of the NY Times and Washington Post.

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In the subcommittee markup the Treasury won rather decisively on the Vento amendment which lost by a 2-1 margin. This however woke the Governors up and they have been getting active.

Note the involvement of Jim Edgar and Tommy Thompson. The VENTO amendment gives the states a key role re-interstate branching.

Note also that the Farm Bureau joins us in this mighty coalition. There is an important states rights issue at stake.

And since the Treasury wasn't willing to play on the playing field of--leave us along (within limits) on deposit insurance and we will go away on Glass Steagall--we have begun

~~working with Chairman Dingell on the Glass Steagall and the separation of banking and commerce issue.~~

Time magazine, no less, has just advised big depositors to split their deposits between money center banks since they are too big to fail. And this Treasury and this

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President want to cut our deposit insurance levels?????

It also is worth noting that the Treasury and the FED are at severe odds over regulatory restructuring. The Treasury wants a substantially greater share of the pie.

We understand that Glauber is the designated hitter in terms of working things out with Dingell and that maneuvering is going on to keep Breeden out of the play . Go get him big John.

aside--aside--Since the 18-17 vote the Treasury has approached us again indicating--nothing to talk about except if you capitulate on interstate branching. Secretary Brady also used the American Banker to attack me personally. All this did is to signal my membership and our coalition that we are doing an effective job.

The historical record will show Clayton

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that the major of these battles could have been prevented. The Treasury still hasn't learned-- you corner us--we will fight.

Regards,

K

Kenneth A. Guenther

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