

News Digest

By The Associated Press

Commonwealth

Plan filed to reorganize failed firm

LINCOLN — The failed Commonwealth Savings Co. would reorganize into a new corporation that would merge with Occidental Nebraska Federal Savings Bank under a plan expected to be filed in court Monday.

"These actions are consistent with Occidental Nebraska's ambitious plans for growth in Nebraska," said Douglas Peters, president and chief executive officer of Occidental Nebraska.

"It is a move that significantly enhances our position in the Lincoln marketplace," Peters said during a Monday news conference.

"Further, it is a move that provides some measure of relief to Commonwealth depositors and brings positive resolution to an extremely difficult situation."

Peters estimated that about \$47 million of Commonwealth's original \$68 million in deposits "may ultimately be realized" if the reorganization plan is approved. The plan was to be filed in Lancaster County District Court.

Commonwealth was declared insolvent by the state on Nov. 1, 1983.

State Banking Director James Barbee said his department was "very pleased" that a reorganization plan would be filed Monday — the deadline for a plan to be submitted.

"As currently structured, we believe the plan presents a viable concept. And we do not oppose it," Barbee said.

The director praised Occidental Nebraska for pursuing the plan.

"We believe they have good management and we would like to believe this proposal is indicative of their good judgment," Barbee said.

He said his department, which serves as Commonwealth receiver, will give the plan "undivided attention and consideration."

Occidental Nebraska was formed in 1984 by the merger of the Nebraska Savings and Loan Association of Fremont and Occidental Savings and Loan Association of Omaha. Occidental has 32 offices in Nebraska, including a branch office in Lincoln.

Peters estimated that Commonwealth depositors might begin acquiring their deposits within four to six months.

However, that timetable depends on the speed with which the plan is reviewed by several groups.

The reorganization must be approved by Commonwealth depositors, the Federal Home Loan Bank and the Lancaster County District Court.

Ben Simmons, a consulting partner with Touche Ross and Co., said Commonwealth depositors eventually might recover about 70 cents on the dollar within five to 10 years.

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Peters told the news conference, which drew several Commonwealth depositors, that the plan would be mutually beneficial.

"From our point of view, it gives us a depositor base in Lincoln, which we were looking for, gives us another location in Lincoln, which we're looking for.

"And we don't pretend to be knights riding in on our white horses; (it's) a business proposition," Peters said. "We think that it's a fair plan and we think that it's one that depositors certainly should earnestly consider for the long pull and for them to maximize their return on the investment they had in the failed Commonwealth Savings Co."

Under the plan, Commonwealth assets acceptable to the Federal Savings and Loan Insurance Corp. would be transferred to a new corporation, which would merge with Occidental Nebraska.

Commonwealth depositors would receive deposits equal to their pro rata shares of the value of assets transferred.

Occidental Nebraska's board of directors has approved the plan to enter into an agreement with Commonwealth depositors.

Peters said Commonwealth's current bankable assets would be transferred to Occidental Nebraska, including an \$8.5 million state tort claim payment approved earlier this year by the Legislature.

The \$8.5 million would establish money market accounts that would be available immediately to Commonwealth depositors on a pro rata basis.

The balance of bankable assets transferred would be included in certificate accounts at Occidental Nebraska. Interest on those accounts would reflect current rates at the institution.

To encourage Commonwealth depositors to remain customers of Occidental, the institution would pay depositors a 5 percent stock premium on deposits held in Occidental more than one year.

Peters said about 50 percent of the \$47 million that ultimately may be realized may qualify for acceptance by the FSLIC. The other assets would be placed in a liquidating trust to benefit Commonwealth depositors.

The self-liquidating trust would receive Commonwealth's substandard assets, questionable claims and claims against others. The trust would be supervised by the court to ensure orderly collection and liquidation of assets, Peters said.

The plan was to be filed by representatives of the court-appointed Commonwealth Depositors Committee. Barbee praised the committee for its diligence in finding an alternative to liquidation of Commonwealth's assets.

"We commend them for carefully reviewing the alternatives presented to them and for pursuing such alternatives," he said.

Sen. Schmit calls for development of ethanol industry in Nebraska

LINCOLN — Sen. Loran Schmit of Bellwood on Monday called for massive expansion of Nebraska's ethanol industry to boost sagging farm prices and rejuvenate the state's economy.

"Considering that the U.S. demand for ethanol as an octane enhancer is virtually unlimited... it behooves farmers and agriculture to develop a system for supplying ethanol in large quantities annually," Schmit said at a Statehouse news conference.

Schmit, a longtime advocate of ethanol, called for creation of a task force to push for the development of 45 ethanol plants across Nebraska. The Nebraska Wheat Board also has worked extensively in seeking further development of the industry.

The plants would be modeled after one now operating in Hastings, which has an annual production capacity of 10 million gallons of ethanol and consumes 4 million bushels of corn.

The ethanol task force would be made up of representatives of the

Nebraska Gasohol Committee, the Nebraska Wheat Board, the Nebraska Wheat Growers Association, the Nebraska Corn Growers Association, the Nebraska Corn Board and laymen.

Construction of 45 ethanol plants, requiring an estimated \$1 billion capital investment, would consume mountains of surplus grain and would give Nebraskans a feeling of "shaping our own fate" instead of relying on Washington, Schmit said.

"Our highly productive agricultural base has the ongoing potential to generate annual new wealth," said Schmit, who is a farmer and stockman.

"While the reindustrialization of the Midwest through ethanol and related value added co-product industries is the only bright spot for farmers, it is also a catalyst with unlimited potential for the economies of states like Nebraska," he said.

"I think it's time we became innovative," he said.

When asked whether the plan would

take years to unfold, Schmit said he hoped it would begin taking shape within a few months because "we don't have years any more... we are running out of time."

Schmit said that setting aside 20 percent of Nebraska's annual corn crop for ethanol production would boost corn prices by an estimated 27 cents per bushel. Such a price jump would increase the value of the 1985 corn production by \$247 million, he said.

Under such a scenario, wheat would rise 11 cents per bushel and soybeans would jump 23 cents per bushel in Nebraska, Schmit said.

Expanding the state's ethanol production also would make Nebraska more energy self-sufficient, he said. Nebraska currently imports more than 80 percent of its energy.

Schmit said ethanol should become a priority among Midwestern states to help combat the agricultural recession and further develop the area's economy.

Newsmakers

A roundup of the day's happenings

Movie director Steven Spielberg and actress Amy Irving tied the knot Wednesday afternoon at the state Court of Appeals office in Santa Fe, N.M., the judge who married the couple announced. Chief Judge Thomas A. Donnelly described the ceremony as "intimate." Irving, the mother of Spielberg's infant son, Max, appeared in the movies "Carrie" and "Yentl." Spielberg directed such hits as "Jaws," "Close Encounters" and "E.T."

Ducks had better duck around Mike Keller, whose honks, quacks and gabbles could fool many an unsuspecting mallard. Keller, 22, a college sophomore from Kansas City, Mo., won the 50th world's champion duck-calling

contest in Stuttgart, Ark., Saturday, defeating 39 state and regional champions from 16 states and Canada.

Two Turkish citizens and a Canadian businessman were arrested on charges of conspiring to buy and smuggle to Iran \$10 million in sensitive radar and electronics equipment, the U.S. Customs Service says. The arrests at Port Newark capped an investigation that began five months ago when one of the three approached an undercover customs agent seeking to purchase the equipment, some of which was to be used to defend the Iranian capital of Tehran against air attacks, officials said.

In Brief

Liberal Party defeats Parti Quebecois

MONTREAL — The Parti Quebecois, which governed Quebec for nine years but failed to make it an independent country, was trounced by the opposition Liberals in provincial elections Monday.

The Liberals, led by former Premier Robert Bourassa, easily captured control of the 122-seat National Assembly, ousting Premier Pierre Marc Johnson, who took over the Parti Quebecois government just nine weeks ago.

The crushing defeat closed a political epic in which this French-speaking province marched to the brink of independence from Canada, then stepped back.

But Bourassa was trailing in his own bid for a legislature seat in a suburban Montreal district, risking a personal embarrassment. If Bourassa lost, he would still become premier, but would have to arrange a special election to seek another seat within a few months.

With 29 percent of the vote counted, the Liberals were leading in 95 seats while the Parti Quebecois was ahead in 25 districts. The Liberals had 56 percent of the popular vote to 39 percent for the Parti Quebecois, with the rest spread among 13 small parties.

Peres: Apology ends relations threat

JERUSALEM — Prime Minister Shimon Peres said Monday that his government's apology to Washington ended the threat to relations caused by the arrest of a U.S. Navy analyst accused of spying for Israel.

Peres told a closed meeting with visiting American Jewish leaders that he coordinated the apology in advance with Secretary of State George Shultz during a lengthy telephone conversation Sunday morning, Israeli officials said.

They said the prime minister reported that he and Shultz "reached complete agreement and understanding" about the case of Jonathan J. Pollard.

Bonner leaves for treatment in Italy

MOSCOW — Yelena Bonner, 62, the wife of dissident Andrei Sakharov, said goodbye to friends gathered at the airport Monday and set off on a journey to Italy for medical treatment and then to the United States for a family reunion. Clutching a bouquet of red carnations, Bonner turned before heading out of view at the passport control desk and said: "To all of you, all the best, thank you."

There was no way to confirm that she boarded the Alitalia flight to Italy, but there was no sign of trouble when KGB border guards checked her documents.

Bonner is to receive medical treatment in Italy before leaving for the United States and the reunion with her children and relatives in Boston.

While waiting to clear Soviet customs, she avoided answering questions from reporters. Mrs. Bonner said she signed an agreement with Kremlin officials not to hold news conferences or talk to reporters if she wishes to be permitted to return to the Soviet Union.

Protestors mark Bhopal anniversary

BHOPAL, India — The chief minister of Madhya Pradesh state blamed Union Carbide on Sunday for the gas leak at Bhopal that killed more than 2,000 people one year ago, and accused it of acting with a disregard for life "unparalleled in human history."

More than 300,000 people were injured by the fumes. "It (the disaster) was caused by unscrupulous death dealers," Chief Minister Motilal Vora said in a written statement.

Activists and survivors of the Dec. 3, 1984, disaster plan to mark the anniversary today with demonstrations that will include burning more than 2,000 effigies of Warren Anderson, the Union Carbide chairman. They also will unveil a memorial to the gas victims.

Marcos reinstates armed forces chief

MANILA, Philippines — President Ferdinand E. Marcos reinstated Fabian C. Ver as armed forces chief Monday, hours after a court acquitted the general, 24 other soldiers and a civilian of assassinating opposition leader Benigno Aquino.

In their 90-page decision, the three civilian judges accepted a version Marcos gave a day after Aquino was killed Aug. 21, 1983, while stepping off a commercial airliner that brought him home from voluntary exile in the United States — that the assassin was Rolando Galman.

Galman, a purported communist, was killed by soldiers immediately after Aquino was shot.

Ver, an old friend and confidant of the president, was on leave of absence pending the court verdict.

Marcos signed a law early today setting a special presidential election for Feb. 7 that may be a contest between him and Aquino's widow, Corason. Mrs. Aquino called a news conference for later today, and supporters expect her to accept the opposition's nomination.

The president's foes had predicted the acquittal, but there had been rumors some defendants might be found guilty of negligence, a minor offense.

Mrs. Aquino said the verdict did not matter because Marcos was her "No. 1 suspect" in the death of her husband, who was Marcos' main political foe.

Moody to run for lieutenant governor

LINCOLN — Randy Moody, who was an assistant to former Gov. Charles Thone, said Monday he's preparing for a possible candidacy for the Republican nomination for lieutenant governor.

Moody said he will begin soliciting money and assembling a campaign organization this week. He said he will announce his candidacy early next year if he attracts enough support.

He is the third Republican to express an interest in the office. Speaker of the Legislature William Nichol of Scottsbluff had scheduled news conferences across the state Tuesday and Wednesday to announce that he would seek the office.

Sen. Howard Lamb of Anselmo said last week that he was thinking about seeking the party's nomination for lieutenant governor. He set no timetable for making the decision.

Moody, 42, is former chairman of the Lancaster County Republican Party. He is a legislative lobbyist with O'Hara and Associates in Lincoln.