



## This Week

### Meeting Date and Place

**March 12, 2009 at 6:00 p.m. ....Cameron Park Country Club**

### Words of Wisdom

Words of Wisdom: **Edie Liebergot**; Greeter **Gary Gall**; and **Shiva Frentzen** on the desk

### Program

Dinner meeting at CPCC to judge area music competition. No host cocktails at 5:30 p.m. and dinner at 6:00 p.m.

## Last Week



**Greg Patton**, President and Chief Executive Officer of Sierra Vista Bank compared and contrasted economic circumstances in the 1920s and 1930s with those of contemporary times. Interjecting wit and humor he was entertaining without diminishing the seriousness of the subject. Greg presented data from August 2008 and he acknowledged the considerable changes that have occurred since then. Placed in context by Greg, he was able to effectively use the data to convey his points. Overall, he is optimistic about the future of the economy, although he did not predict when it would pick up.

Greg suggests that the crash of October 1929 was a signal of things to come, although a full scale depression was not inevitable. In fact, the stock market was

showing signs of recovery when the Bank of the United States failed. It is important to note that the Bank of the United States was a commercial bank in New York City that was not a government institution. It was the first bank to fail after the 1929 crash and led to a loss of confidence in other banks around the country. At the time, there was no FDIC or other protections for bank deposits. When the Bank of United States failed, on December 11th, 1930, the public panicked and the American banking system shuddered. People flocked to withdraw their money from other banks. In turn, the banks called in loans and sold assets in order to stay liquid. In that month alone, over 300 banks around the country failed.

Wall Street and the government followed a laissez faire approach to banking and did little to intervene, which proved to be disastrous. There was no liquidity injection from the Fed and the re-discount rate actually increased. Compounding matters, Great Britain left the gold standard, leading to gold outflows, shrinking liquidity and reducing deposits by 40%. In 1932, when the Reconstruction Finance Corporation was established, bank advances were made available, but the names of banks borrowing funds were publicized, thus discouraging them to use this means of liquidity. Finally in 1933, the failing bank problems were addressed by FDR, initially with a bank holiday to forestall runs. The Glass-Steagall Act established the FDIC and bank reform to control speculation. Bank deposits were now insured by the full force of the Federal government.

Greg compared the excesses in 1925 to 1929 to those leading up to our current economic crisis. In the nineteenth and early twentieth century, bankers and brokers were sometimes indistinguishable and conflicts of interests were inevitable. The Glass-Steagall Act separated and regulated those functions. Those portions of the Act were repealed in 1999, leading to conditions that contributed to the sub-prime loans that resulted in the current economic situation.

There are many differences between the 1930s and current times. Banks still rely on public confidence to thrive. In the 1930s rumors by word of mouth led to bank runs. In this century, people get their information (true or false) from mass media outlets. In the 30s, there were no mortgages whereas today we must contend with the fallout from subprime mortgages. In the 30s, there were no bank protections and now there are the FDIC, the OCC and the DFI protections. The 30s was a cash society and the 21st century relies on credit. What both eras have in common is a lack of consumer confidence. The bank runs in the 30s were very visible, fed by crowds rushing to withdraw funds. Contrast that with the electronic era when the run on IndyMac Bank was through electronic transactions and nobody saw it coming.

Greg went on to discuss the foreclosures going on in today's market. Mostly in the sunbelt states of the west coast and Florida, they have led to serious loss in home values. Foreclosures will continue at least until bad loans have worked their way out of the system. He graphically showed how rate increases contributing to subprime loan defaults will substantially work their way out of the market by the end of 2009. Unfortunately, there are many more defective loans (not subprime) with the majority of rate adjustments planned for the period from 2010 to 2012. There is no accurate way to predict how many of these loans will default nor the impact such defaults will have on financial markets.

Greg noted that bank failures have caused the FDIC reserve ratio to drop from 1.30% in 2003 to 1.01% by mid 2008 and that it continues to decline. As a banker he is getting notices of increased premiums to the FDIC. When asked how secure the FDIC is, Greg emphasized that it is as secure as the Federal government. The FDIC insures depositors up to \$250,000 in 2009 and it's anticipated that insurance levels will return to the traditional \$100,000 limit in 2010. As long as deposits are within the insurance limits, Greg is emphatic that they are secure.

While the economic picture remains dismal, Greg notes that the government has tools available now that it did not have in the 30s. He is confident that the resources and talents of this country will prevail. After all, the theme of his presentation on this day was, "Thank God it's not 1933... Again"

## Presidents Corner



### **ANDREA FORD, AMBASSADORIAL SCHOLAR, 2009-10:**

Andrea Ford dropped by to tell members a bit about herself and her upcoming year in Western Africa. A 2004 graduate of Ponderosa High School and a 2008 graduate of UC Berkeley, Andrea has been awarded an Ambassadorial Scholarship worth \$24,000 from Rotary District 5190. An extraordinary young woman, she has been over achieving since before we got to know her through Rotary. She formed and led the student Interact Club during her time at Ponderosa. She showed entrepreneurial talent in high school by forming a mural painting business. Her many interests vary to include horses, skiing and competitive dancing. While at Berkeley, she took a semester in Italy where she

traveled and taught English. With a keen interest in literacy, she actually introduced literacy programs at Berkeley that continued after her graduation. She is looking forward to a year in West Africa because of her interest in anthropology. She expects to be assigned to either Senegal or Ghana, which caught her attention because they are stable democracies, relative to the rest of the continent. While there, she will work with a local rotary club on community service projects. In a country where literacy is approximately 60% (less for females), she is hoping for a literacy project, but will be happy with whatever the Rotary Club wants her to do. Andrea demonstrates considerable pride in America and expresses great respect for all other countries as well. She will make a wonderful Ambassador for her country and we are looking forward to hearing about her achievements and experiences when she returns.

### **ROTARY DISTRICT ASSEMBLY:**

President Elect **Bill Gallant** reminded members that the District Assembly will be held in Reno on April 4, 2009. All members are welcome to sign up, and 2009-10 officers are urged to attend. Bill now has the signup sheets. Anyone thinking of attending should contact him.

#### **40 YEARS OF ROTARY IN CAMERON PARK:**

The Rotary Club of Cameron Park was officially chartered on June 30, 1969. President **Iain Marshall** suggests that we should have a special program to celebrate this anniversary. Noting that his last meeting as club president will be on June 25, 2009, Iain asked for suggestions from the membership. Ideas such as an evening meeting or a retrospective of the last forty years were mentioned. Got an idea? Bring it up to President Iain.

#### **VOCATIONAL SERVICE:**

**Chris Moore** has been doing a terrific job with his responsibility for vocational service programs, but his obligations as Principal of Ponderosa High School make it impossible to attend most Board meetings. He has concluded that it is not fair to the other Board members who need updates and input on his areas of responsibility. Chris outlined his concerns in an email to all members. Anyone interested in helping is asked to contact him.

#### **THE ROTARY CLUB OF PLACERVILLE ANNUAL BON VOYAGE – MARDI GRAS BALL!**

Visiting from Placerville, **Ed Kronk** was handing out flyers to announce their annual Ball on March 28, 2009 at the El Dorado County Fairgrounds. For only \$60, there will be dinner, dancing and music. There will be drawings for prizes and a souvenir photo. They will be giving away over \$10,000 in cash. Let's support our fellow Rotarians and have fun at the same time. For more information, contact Event Chair Syd O'Brien at (530) 622-1694.

#### **ROTARY AT WORK DAY:**

The Rotary Clubs of Cameron Park and Georgetown will celebrate Christmas in April as their part in Rotary at Work Day on April 25, 2009. Special permission has been received for the Salvation Army to put out their pots and bell ringers to raise funds on this day. The state of the economy is placing added burdens on the Salvation Army to provide services to the needy. Emphasizing local benefits, all but 10% of the money raised will serve people on the Western Slope. The two Rotary Clubs will staff the pots at 20 locations around the county from 10:00 am to 4:00 pm on this day. At least 40 Rotarians will be needed to each put in a two hour shift. This means that most members will be needed and should contact **Tom Keating** to sign up. Rotary at Work Day will have Rotarians from all around the world working on local projects on the same day to benefit their communities. To celebrate a successful event, a pot luck dinner and fellowship will take place afterward at President Elect **Bill Gallant's** riverside home. Do not miss this event."

**Shiva Frentzen** now has signup sheets for members willing to put in a couple of hours on April 25. **Tom Keating** now has flyers to advertise the event. Please take a flyer and post them wherever you can to publicize this fund raising event.

#### **PIE FROM ANE:**

It's great to have **Ane Deister** back at Rotary on a regular basis. In addition to her wonderful personality, Ane brings pie. Last week, she brought six different kinds of wonderful pastry. Everyone but President Iain fully appreciated this treat. Iain reminded members that notice to the club is required so that they can set up plates for such treats. He also complained about related costs. One thing for certain, Ane was much more popular than Iain on this day. Thanks Ane.

#### **AREA MUSIC AND SPEECH CONTESTS:**

The annual Area Music Contest for this area will take place at Cameron Park Country Club on the evening of March 12, 2009. This event will serve as the regular meeting for that week. Dinner will be \$35. No host cocktails will begin at 5:30 and dinner will be served at 6:00 p.m.. It is important to have an accurate headcount. Please contact **Chris Moore** if you plan to attend and have not already signed up.

The annual Area Speech Contest is scheduled for the evening of Tuesday, March 31, 2009, at the 50 Grand Steakhouse in Pollock Pines. Dinner will have a choice of Chicken or Salmon for \$25 or Prime Rib for \$28. No host cocktails will start at 5:30 p.m. and dinner will be served at 7:00. This event will serve as the meeting for that week and there will be no meeting on Thursday, April 2, 2009. Be sure to mark your calendar.

To get to the 50 Grand Steakhouse in Pollock Pines, take the Sly Park Exit (#60). Go under the freeway and turn left on Pony Express Trail and it is on the right side about 2 blocks down.

## Noted Rotarians



### HAPPY BUCKS:

**Dave Sargent** president of the Ponderosa High School Foundation, a dedicated group of community members formed to raise funds to support and promote the enhancement of education at Ponderosa High School. Dave paid \$5 to plug the 4th Annual Spring Banquet on March 20, 2009. A cause worthy of our support.

Life must be good for **Pete Oliver** who missed the monthly board meeting because his business is keeping him so busy. It's good enough for Pete to donate ten Happy Bucks for the cause.

Also happy with his work is **Chris Moore** who contributed five Happy Bucks to celebrate the good management at his school district. So well managed, that unlike many other schools in California, they will not be issuing "pink slips" this year and Chris is happy that he will not be telling families that there won't be earnings next year to put food on the table.

### Happy Birthday:

It used to be that you could tell a members age by the number of Happy Bucks they give for birthdays. No more. **Gary Gall** thought this birthday was nothing special and came up with \$10. **Joe Ryan** said that he rounded up from eight to come up with ten Happy Bucks. Whatever did he mean? **Eric Pohl** was the big spender in the birthday crowd with \$14 and maybe that offers some kind of a clue. Whatever their ages, we wish them all the happiest of birthdays.

Although the guest speaker was totally impartial and didn't plug his bank in any way, President Iain decided that Sierra Vista Bank Board Chair **Gary Gall** should have to pay another \$5 for free advertising.

## Birthdays in March

**Gary Gall**

**Norm Headley**

**Eric Pohl**

**Joe Ryan**

-----Spouses-----

**Marilyn Bowen**

**Beverly Check**

**JoAnn LePere**

## Anniversaries in March

**Sabrina & Alex Ho**

**Eric & Linda Pohl**

## Upcoming Calendar

March 12, 2009 - Dinner meeting at CPCC to judge area music competition

March 19, 2009 - **Shiva Frentzen** will discuss Iran`s Political Revolution

March 26, 2009 - Mountain Democrat Columnist **Bob Billingsley** will speak on the Cherokee Indian method of meditation

March 31, 2009 - Tuesday evening meeting at Pollock Pines to judge area Speech competition

April 2, 2009 - no meeting because of dinner meeting earlier in the week.

April 9, 2009 - **Larry George** will give an update on Israel/Palestine conflict

April 16, 2009 - **Dee Russo** will discuss **Project Amigo** and her December visit with her daughters to Mexico

April 23, 2009 - ``Sewards Folly`` travelogue with **Art ``North to Alaska`` Cort**

May 7, 2009 - Folsom Lake College development, including Performing Arts Center  
May 14, 2009 - Vocational Service experiences by **Norm Headley** and **Tom Keating**  
May 21, 2009 - **George Eckert** - California Mortgage Association: Legislative Update  
May 28, 2009 - Trip to California Military Museum for meeting and tour

June 4, 2009 - **Star Walker** from EDC Office on Aging about available programs

### **Upcoming Words of Wisdom**

March 12, 2009 – Words of Wisdom **Edie Liebergot**; Greeter **Gary Gall**; and **Shiva Frentzen** on the front desk

March 19, 2009 – Words of Wisdom **Chuck LePere**; Greeter **Steve Long**; and **Sabrino Ho** on the front desk

### **The Last Word**



### **DATES TO REMEMBER:**

March 12, 2009 - Dinner meeting at CPCC to judge area music competition

March 31, 2009 - Tuesday evening meeting at Pollock Pines to judge area Speech competition

April 7, 2009 - Monthly Rotary Club of Cameron Park Board meeting at Kobe`s restaurant in Burke`s Junction. All members welcome.

April 25, 2009 - Rotary at Work Day

April 25, 2009 - "Walk for Children" to raise money for the Children of St. Jude`s at Ponderosa High School

May 14 to 17, 2009 - Rotary District 5190 Conference at the Pepermill Hotel and Conference Center in Reno

June 13, 2009 - **Wine at Town Center**

**Mike Neal** has put together another of his photo series of highlights of our 2008 Christmas Dinner & Auction. The link is at the bottom of this web page. Recent pictures of the Philippine Boat project are now posted in the link below entitled, ``Agusan Marsh Project in the Philippines.``

**Gear Up** is written by **Jim Buckley** and **Art Cort**. Photography and artwork through the talents of **Mike Neal**.