



# NEWS RELEASE

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## FDIC FILES SUIT AGAINST FORMER SILVERADO OFFICIALS, LAWYERS

The Federal Deposit Insurance Corporation today filed a lawsuit seeking \$200 million in damages against former officers, directors and lawyers for the failed Silverado Banking, Savings and Loan Association, Denver, Colorado.

The FDIC lawsuit alleges that the former officers and directors of Silverado breached their fiduciary duty and were guilty of gross negligence. Some of the insiders of Silverado also are accused of having been unjustly enriched at the institution's expense. The FDIC also named Silverado's outside counsel as defendants, seeking damages for their breaches of duty in representing the thrift.

Silverado was closed by the former Federal Home Loan Bank Board on December 9, 1988. At the time, it had \$2.3 billion in assets. The FDIC acquired the Silverado receivership as a result of the 1989 savings and loan rescue law that abolished the Federal Savings and Loan Insurance Corporation and put the FDIC in charge of federal deposit insurance for thrifts. The lawsuit was filed in the U.S. District Court in Denver.

Douglas H. Jones, the FDIC's Senior Deputy General Counsel, said today: "This suit was filed after a careful and thorough investigation conducted over several months. Our conclusion is that Silverado was the victim of sophisticated schemes and abuses by insiders and of gross negligence by its directors and outside professionals. We are seeking in this case to recover every available dollar for the federal deposit insurance funds and the American taxpayers."

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Named as defendants in the suit are the following former officers of Silverado: chairman and chief executive officer Michael Wise; chief financial officer Robert Lewis; chief operating officer Richard Vandapool; and executive vice president Russell Murray.

W. James Metz, who owned 88 percent of the stock in Silverado and its holding company, also was named a defendant. Board members who held positions between 1984 and 1988 also were named. They are Florian Barth, Richard Bunchman, Neil Bush, Diane Ingels, Marjorie Page and Richard Vitkus.

The FDIC's claims include allegations of improper loans and investments made by the officers and approved by the directors, with many of the transactions in violation of federal regulations and Silverado's own lending policies.

Legal counsel to Silverado named as defendants in the suit were: the Denver law firm of Sherman & Howard, which was general counsel to Silverado between 1984 and 1988; and firm partner Ronald Jacobs, who also served on the board of Silverado's holding company.

The FDIC's attorney malpractice claims against Sherman & Howard result from the failure of that firm and its attorneys to execute their obligations to Silverado, placing the interests of a few insiders over those of the institution they were retained to protect.

Copies of the lawsuit, which details the various allegations of negligence and breaches of fiduciary duty, are available from the FDIC's Office of Corporate Communications.

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