



NEWS RELEASE

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FDIC 'FRAUD SQUAD' TO PURSUE CRIMINAL INVESTIGATIONS

A new, mobile unit comprised of specially trained examiners from within the Federal Deposit Insurance Corporation will be deployed immediately to conduct full scale investigations whenever evidence of previously-undetected fraud or abusive activity is found at savings and loan associations subject to FDIC oversight, L. William Seidman, FDIC Chairman, announced today in Minneapolis.

"We initially established three task groups to tackle the main responsibilities President Bush has assigned to the FDIC, and the other regulators working with us, in this program for dealing with problems in the thrift industry," Mr. Seidman said. "This fourth task group, our new Fraud Squad, will be dispatched to the scene whenever our on-sight teams discover evidence that fraud or insider abuse may have occurred."

Mr. Seidman said that there is no question economic factors have played a major role in thrift insolvencies. But he added: "There is also no question that, as the President said, 'unconscionable risk-taking, fraud and outright criminality have also been factors.'" He said the Fraud Squad's mission will be to "get back misappropriated thrift assets and help send those responsible to jail, when appropriate."

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The Fraud Squad will be at the disposal of the other three special task groups formed by the FDIC, which was given management responsibility by President Bush for resolving problems in the thrift industry. Mr. Seidman told a gathering of accountants in Minneapolis the three other task groups are:

- Oversight and Evaluation, which will examine and oversee the operations of thrifts turned over to the FDIC by the Federal Savings and Loan Insurance Corporation.

- Planning and Restructuring, which will recommend steps to restructure and consolidate institutions, where appropriate.

- Transaction and Acquisition, which will seek out buyers for institutions, real estate and other assets.

Mr. Seidman said prospective customers for thrifts placed into the FDIC-managed conservatorship program should not hesitate to contact the Transaction and Acquisition task group. He pointed out, however, that final transactions and agreements requiring financial support "will be contingent until funding is provided by Congress. Hopefully, our lawmakers will provide those funds in the near future."

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