



NEWS RELEASE

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FDIC ASKS JUSTICE TO SEEK RESTITUTION ORDERS IN FRAUD CASES

The Federal Deposit Insurance Corporation is working with the Justice Department's Southwest Task Force to seek court-ordered restitution in cases involving S&L's placed under the FDIC's jurisdiction, as well as commercial banks, FDIC Chairman L. William Seidman said today.

In an address to an Iowa Bankers Association meeting in Aspen, Colorado, Chairman Seidman said to reduce losses from fraud the FDIC will be working closely with the Justice Department to routinely request restitution at the time of sentencing in all cases involving guilty verdicts or plea arrangements.

"We think such orders should be requested and granted as a matter of course to minimize the cost of criminal acts to the appropriate insurance funds -- the FDIC for banks, and the FSLIC for S&L's," Mr. Seidman said.

Chairman Seidman also told the Iowa bankers that as a member of the U.S. Government's Bank Fraud Working Group the FDIC this week briefed that body on the establishment of the FDIC's new "Fraud Squad," which has been set up to investigate any evidence of fraud detected by the inter-agency supervisory teams being placed in all insolvent S&L's.

"The purpose of this briefing was to pave the way for an effective sharing of information and resources with the law enforcement and financial regulatory communities," Chairman Seidman reported.

Mr. Seidman said recent amendments to the Right to Financial Privacy Act will improve the FDIC's ability to work with law enforcement agencies in

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pursuing criminal referrals and achieving monetary recoveries. The amendments make it easier for financial institutions and supervisory agencies to transfer information to federal law enforcement authorities where the information may be relevant to a possible violation of federal criminal statutes.

Chairman Seidman also commented on the decision of Congressman Frank Annunzio to appoint a task force of his Financial Institutions Subcommittee to review the adequacy of the FDIC's staff resources to handle the agency's current supervisory responsibilities for banks, while undertaking new responsibilities under President Bush's Reform Plan.

Chairman Seidman said: "We welcome this review and the opportunity it presents to outline the tremendous improvements we have made in our supervisory programs. I'm confident the Subcommittee will be assured of our ability to fulfill our current supervisory responsibilities, as well as to make whatever staffing and program adjustments are necessary to carry out the President's mandate."

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