



NEWS RELEASE

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FDIC ANNOUNCES IMPROVED RTC BIDDING PROCEDURES

FDIC Chairman L. William Seidman today outlined new and expanded procedures for the sale of failed thrift institutions and their assets by the Resolution Trust Corporation (RTC).

In remarks to a conference sponsored by the Garn Institute in Key Largo, Florida, Mr. Seidman said the new procedures, to be implemented by the end of the year, are designed to improve the sale of institutions and assets by offering prospective purchasers a range of options.

"Purchasers will be invited to bid on a menu of transactions," said Mr. Seidman. "Options may include the entire institution and most of its assets, the institution and just the good assets, or even some or all of its branches.

"Our objective is to provide a flexible array of options, and thus enhance the ability of the market to determine the best way to sell a given institution. All sales will be widely advertised to ensure the highest possible level of participation."

In other actions to facilitate the bidding process, Mr. Seidman said the RTC will:

- o Make available to any prospective bidder proprietary information for each thrift in conservatorship;
- o Establish an 800 telephone number that will give prospective bidders the current status of institutions in conservatorship;
- o Publish a tentative timetable in local papers and in the Federal Register once an institution is scheduled for resolution; and
- o Provide a reasonable period for bidders to perform due diligence.

(more)

"I want to emphasize that, except for state nonmember bank bidders, the FDIC will not decide who is an eligible bidder. The institution's primary federal regulator will make that determination," Mr. Seidman said. "Moreover, the RTC's primary role in the eligibility process will be to seek interested bidders -- not to decide their eligibility," he added.

Chairman Seidman also announced that the FDIC has decided to reorganize its operations taken over from the FSLIC earlier this year:

- FSLIC's \$13 billion in book value assets will become the responsibility of the FDIC's Division of Liquidation and will be converted to FDIC systems;
- A new Division of FSLIC Resolutions will be responsible for the nearly \$60 billion in covered assets under FSLIC's 217 assistance transactions, and for marketing the five Southwest Plan institutions; and
- Certain FSLIC employees, especially those involved in transactional work, will be moved permanently to the RTC to help with the tremendous case load there.

Among other topics, Chairman Seidman also discussed possible follow-up legislation to improve the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), including (1) clarification that bankruptcy courts do not have jurisdiction to interfere with receivership or conservatorship actions involving a bankrupt thrift or bank subsidiary, and (2) a specific initiative providing full faith and credit behind deposit insurance and FDIC guarantees or indemnities.

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