



# NEWS RELEASE

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## FDIC SEEKS RESTITUTION FROM SUNRISE S&L EXECUTIVES

The Federal Deposit Insurance Corporation, on behalf of the FSLIC Resolution Fund, is seeking restitution of \$2.9 million for losses to FSLIC stemming from fraudulent activities by two former officers of the now defunct Sunrise Savings and Loan Association, Boynton Beach, Florida.

The thrift's former chief executive officer and a vice president have been sentenced to prison terms for their involvement in the thrift's failure in 1985. Robert Jacoby, the thrift's former chief executive officer, was sentenced to 5 1/2 years in prison and Thomas Skubal, vice president, was sentenced to three years for criminal conduct including bank fraud, conspiracy and misapplication of funds arising out of their operation and management of Sunrise.

John L. Douglas, FDIC General Counsel, said: "The FDIC worked closely with the Department of Justice in the investigation of this case. The FDIC sought and obtained 'a significant term of incarceration' for the former Sunrise officials. We are vigorously pursuing all instances of these and other types of fraudulent activities in failed or insolvent thrift institutions."

When it was closed and placed into receivership by the Federal Savings and Loan Insurance Corporation (FSLIC) in 1985, Sunrise was the largest thrift failure in the country. Total FSLIC losses arising from the Sunrise receivership exceed \$1 billion.

Among other charges, Messrs. Jacoby and Skubal were convicted of illegally diverting funds from Sunrise's own capital accounts and from

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construction loan funds to certain Sunrise borrowers, enabling them to purchase luxury items and then hide the transactions from bank regulators. The luxury items, totaling over \$30 million in value, included Lear jets, a helicopter, a 116-foot yacht, expensive jewelry, automobiles and other items, whose value was only partially recovered by FSLIC.

At the sentencing hearing on November 9, 1989, the FDIC, on behalf of the FSLIC Resolution Fund, sought restitution in the amount of \$2.9 million for losses stemming from three specific fraudulent transactions:

- o Conspiracy to divert \$1.3 million in construction loan funds to a major Sunrise borrower to enable him to purchase a 26-karat diamond ring;
- o The sale of a major piece of property to Sunrise by a major Sunrise borrower at a vastly inflated price; and
- o A series of overdraft payments incurred by a major Sunrise borrower to purchase numerous luxury items totaling \$1.1 million. In this instance, the borrowers later liquidated or transferred the luxury items and FSLIC was unable to recover the items or their value from the borrowers.

The FDIC's request for restitution is currently under consideration in the U.S. District Court for the Southern District of Florida.

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