



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC REACHES PRELIMINARY AGREEMENT TO SETTLE LITIGATION INVOLVING FAILED SOUTHEAST BANKING CORPORATION

FOR IMMEDIATE RELEASE

The FDIC announced today that it has reached an agreement in principle with the Chapter Seven bankruptcy trustee of Southeast Banking Corporation. The agreement, subject to approval by the FDIC's Board of Directors and the courts, will completely settle all pending litigation between Southeast Banking Corporation and the FDIC. The litigation relates to the 1991 failure of the former Southeast Bank, N.A., Miami, FL, and the FDIC's subsequent administration of the receivership estate.

"I am pleased that the FDIC has been successful in reaching a resolution to litigation involving the failure of a major bank that does not require expenditures from the Bank Insurance Fund," said FDIC Chairman Andrew C. Hove, Jr. "We are gratified to be able to pass the equity in the Southeast receivership to the bankruptcy trustee without continuing this lengthy and expensive litigation."

Under the terms of the agreement, the FDIC will retain \$221.4 million in contested interest dividends from the estate of the failed bank. In addition, the trustee will release all other claims against the FDIC and other government entities. The agreement will not require any expenditures from the Bank Insurance Fund or any other public funds.

The FDIC expects that, after all allowed claims are paid, substantial value will remain in the estate. Consistent with standard FDIC practice, the value remaining in the estate after creditor claims (principal and interest) have been paid will revert to Southeast



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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Banking Corporation. Under the settlement, the transfer of the residual value to the trustee or his designee will be in accordance with Section 197 of the National Bank Act.

Southeast Bank, with total assets of \$10.2 billion, was closed September 19, 1991, by the Office of the Comptroller of the Currency and the FDIC was named receiver.

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