



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES REALIGNMENT OF DIVISION OF LIQUIDATION

The FDIC announced today a realignment of its Division of Liquidation, which is responsible for making payments to closed bank depositors, converting acquired assets to cash, and other duties related to the handling of failed banks. Further, to more accurately reflect the FDIC's emphasis on providing quality service to the public, the Division is being renamed the Division of Depositor and Asset Services.

"The realignment of the Division is a positive sign that the health of the banking industry has significantly improved," FDIC Chairman Andrew C. Hove, Jr., said. "The FDIC remains committed to maintaining a strong and effective workforce. I am confident that the action taken today will prepare us to meet any future challenge in an efficient and cost-effective manner."

Cost savings resulting from the realignment of the Division are estimated to amount to at least \$430 million by year-end 1997, and \$170 million on an annual basis thereafter.

The realignment takes effect October 3, 1993, although certain aspects will be phased-in. It includes:

- o Creation of Service Centers in five key locations;
- o Establishment of an Office of Internal Review to identify deficiencies in the Service Centers and ensure that corrective action is taken promptly; and
- o A significant reduction in the Division's office locations through 1996.

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Chairman Hove also noted that the FDIC previously announced it would initiate an "ombudsman" program nationwide to ensure that the needs of failed bank customers and the public are being addressed. He said this effort, together with the new Office of Internal Review, "highlights the emphasis the Corporation places on providing quality service."

Upon completion of the realignment by year-end 1996, the number of Division sites will be reduced 68 percent, to 7 sites from the current 22. During this same period, the number of employees is expected to decrease by 50 percent, to 3,300 from the current 6,600.

Chairman Hove added: "While the cost-saving figures are quite impressive, it is still most difficult to inform many loyal and dedicated employees who successfully met the challenge imposed by the greatest banking crisis since the 1930s that their services will not be required at some point in the future. During this transition period, our primary concern will be to ensure the fair treatment of all employees."

The headquarters of the Division will remain in Washington, with five regional Service Centers in Chicago, Dallas, Atlanta, Hartford and Irvine, California. Also, the New York regional office will be converted to the new Office of Internal Review, which will be headquartered in Jersey City, New Jersey.

Director of the new office in Atlanta (the Southeast Service Center) will be FDIC veteran Keith W. Seibold, who has been the regional office director in San Francisco since 1989. Director of the new Irvine office (the Western Service Center) will be Sandra A. Waldrop, another FDIC veteran with Resolution Trust Corporation (RTC) experience. Thomas A. Beshara, director of the New York regional office, will be regional director of the new Northeast

Service Center in Hartford. The existing regional directors in Chicago (Bart L. Federici) and Dallas (Arthur F. Lorentzen, Jr.) will become regional directors of the Midwest Service Center and the Southwest Service Center, respectively.

James D. Collins, an FDIC employee since 1974 who has been a top official with the RTC since 1989, has been named Assistant Director of the Division responsible for the new Office of Internal Review. Robert M. Cittadino, deputy regional director of the Division's current New York office, will be managing director of the new Office of Internal Review.

John F. Bovenzi, Director of the Division of Depositor and Asset Services, said the various executive appointments announced today "will provide for an orderly transition to the Service Center structure and allow the highly important Internal Review Office to begin its mission as soon as possible."

As for offices to be closed, the following are scheduled for 1993: Anchorage, Alaska (in October); Oklahoma City, Oklahoma (October); and Bossier City, Louisiana (November). Scheduled to close in 1994 are Division offices in Houston (March); Denver (May); Orlando (June); San Antonio (July); Encino, California (August); and San Jose, California (November). In addition, the O'Hare office outside of Chicago and the Chicago regional office will merge into the Midwest Service Center in mid-1994. The Dallas regional office and an office in Addison, Texas, will merge into the Southwest Service Center in September 1994. The San Francisco regional office is scheduled to be merged into the Western Service Center in Irvine in 1995.

No timetable has been established for closing the offices in South Brunswick, New Jersey; Franklin, Massachusetts; and Westborough,

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Massachusetts. This reflects the level of failure activity in the Northeast in the recent past. It is anticipated, however, that these offices will close before year-end 1996.

The Division's Contractor Oversight and Monitoring Branch, which is headquartered in Dallas, will continue its current mission of overseeing the activities of outside servicers of assets until other realignment activities are completed.

Additional biographical information is attached.

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