



NEWS RELEASE

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FDIC APPROVES BID FOR SERVICING ASSETS OF FOUR FAILED BANKS

The FDIC Board of Directors today approved a proposal by the J.E. Robert Company, Inc., to manage, administer and liquidate assets with a book value of about \$1.2 billion acquired by the FDIC as receiver of three Connecticut banks and one New York bank. The assets are presently being serviced by the acquiring banks on an interim basis. Of six final offers, the bid by the J.E. Robert Company of Alexandria, Va., was determined to be the one most likely to result in the greatest overall economic benefit to the FDIC.

The FDIC contracts with private firms to manage large pools of assets acquired from failed institutions as a cost-effective alternative to opening new liquidation offices and hiring large numbers of additional personnel. While the agency agrees to absorb losses on these assets, the FDIC benefits by working with private sector specialists who can help maximize the financial return to the Bank Insurance Fund.

When the FDIC approved the assumption of deposits of the four failed banks by Center Bank of Waterbury, Conn., Gateway Bank of Norwalk, Conn., and Emigrant Savings Bank of New York, N.Y., it established four separate asset pools for the failed banks' classified assets, repossessed real estate, subsidiaries and unwanted bank premises. Center Bank, Gateway and Emigrant have been managing these pools for the FDIC. Classified assets are those designated by examiners as having some degree of potential loss to the bank. The combined book value of these four pools currently amounts to approximately \$1.2 billion. Additional problem assets, however, can be put into the pool later.

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Terms of the agreement with J.E. Robert are similar to those of previous FDIC contracts with third-party servicers of separate asset pools. The J.E. Robert firm will service the asset pool for five years. The FDIC will pay the expenses of managing and servicing the assets. The company will receive an incentive fee tied to its ability to minimize expenses and maximize the recovery on the assets. The effective date of the agreement with J.E. Robert is June 1, 1992.

The four failed banks were Central Savings Bank of Meridan, Conn., Connecticut Savings Bank of New Haven, (both acquired by Center Bank); the Bank Mart of Bridgeport, Conn., (acquired by Gateway Bank); and Dollar Dry Dock Bank of White Plains, N. Y., (acquired by Emigrant Savings Bank).

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