



NEWS RELEASE

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COURT ORDERS RECORD \$61 MILLION CRIMINAL RESTITUTION PAYMENT TO THE FDIC

A federal judge in Topeka, Kansas, has directed former Hawaii and California businessman Franklin A. Winkler to pay the FDIC \$61 million in what is believed to be the largest criminal restitution order awarded to a government agency in connection with a failed bank or thrift.

U.S. District Court Judge Dale E. Saffels, in a decision yesterday, imposed the criminal restitution order for damages that contributed to the insolvency of two Kansas institutions. The judge also ordered Winkler to serve a maximum of five years in prison and to pay a \$10,000 criminal fine.

In January 1987, a different judge in the same district court ordered Winkler and other entities to pay \$61 million in a civil judgment. The criminal payment ordered yesterday is to be concurrent with the previous civil judgment, not in addition to it.

FDIC Legal Division officials said it is difficult to predict how much of the \$61 million Winkler will be able to pay. However, they said yesterday's criminal order is significant because it provides the FDIC with another avenue to collect from Winkler. The FDIC officials also said Winkler has stated under oath in a deposition that he has substantial future earnings potential.

FDIC General Counsel Alfred J.T. Byrne said today: "We believe Judge Saffels' order helps send the message that the FDIC is committed to detecting and prosecuting illegal conduct against insured institutions."

The previous record criminal restitution order in connection with a failed depository institution is believed to be \$34.7 million, imposed by the U.S. District Court in New York City in December 1989 against Jacob

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Finkelstein for fraud committed against Central National Bank of New York City.

Winkler had pleaded guilty to conspiracy to commit wire fraud involving several transactions that led to the insolvency of Indian Springs State Bank in 1984 and Coronado Federal Savings and Loan Association in 1986. Both institutions were based in Kansas City, Kansas. The latter had been insured by the former Federal Savings and Loan Insurance Corporation.

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