FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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CHARLES BAZARIAN SENTENCED TO FIVE YEARS IN PRISON FOR S&L FRAUD; ALSO AGREES TO PAY FDIC A MINIMUM OF $2 MILLION

Charles Bazarian, an Oklahoma financier convicted of fraud against savings associations and other financial institutions, has been sentenced to five years in prison in a case involving two failed California thrifts. In a related action, Bazarian agreed to pay the FDIC at least $2 million to satisfy a judgment stemming from his fraudulent activities at five other thrifts, including two sizable institutions in Texas.

Bazarian pleaded guilty last September to defrauding the $900 million-asset American Diversified Savings Bank of Costa Mesa and the $60 million-asset Consolidated Savings Bank of Irvine, both in California. His crimes contributed to the demise of the two institutions. The former Federal Savings and Loan Insurance Corporation (FSLIC) took control of both institutions in 1986. As a result of major changes in banking law last year, the FDIC has assumed the FSLIC's insurance responsibilities.

In announcing the prison term last month, U.S. District Court Judge David Russell in Oklahoma City said Bazarian's actions are "at the very core of the downfall of our savings and loan system" and must be punished, partly to send a message to others.

Judge Russell ordered Bazarian to serve four years in prison for wire fraud and one year for failure to file a tax return. He rejected a leniency request by Bazarian's lawyers, who cited their client's diabetes and heart problems. The five-year sentence is to start after Bazarian's completion of a two-year prison term begun in August for a Florida bank fraud conviction. The

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Judge also sentenced Bazarian to three years' probation for his conviction in a scheme to defraud the Department of Housing and Urban Development.

FDIC Chairman L. William Seidman said: "The FDIC will do everything it can to bring criminals like Charles Bazarian to justice. We wish to thank Judge Russell and others like him who recognize that lengthy prison terms and high restitution amounts are needed to prevent the kinds of widespread fraud we are uncovering in the thrift industry."

In the related bankruptcy case, also decided in February, Bazarian agreed to pay the FDIC minimum annual payments of $415,000 during the next five years to satisfy a $61.8 million judgment in favor of the FDIC. The payments would settle civil fraud actions filed by the FDIC on behalf of five failed FSLIC-insured thrifts, among them large Texas institutions such as Vernon Savings and Loan Association and Sunbelt Savings Association. Bazarian's minimum $2 million obligation could increase if terms of the agreement are violated.

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