



NEWS RELEASE

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FDIC SEEKS \$60 MILLION FROM TWO TEXAS INVESTORS IN S&L FRAUD CASE

The FDIC has filed complaints in the U.S. Bankruptcy Court in Fort Worth, Texas, seeking to recover over \$60 million from Michael Blubaugh and Ronald Finley, two Texas real estate investors involved in fraudulent loans obtained from three failed savings institutions.

The complaint filed Wednesday against Michael Blubaugh, a former Fort Worth real estate investor, covers a series of transactions involving an 1,100-acre tract in West Fort Worth. It alleges that Blubaugh, Finley and certain of their associates committed fraud and other statutory violations in obtaining loans secured by that property from three failed savings institutions. The FDIC filed the related action in Finley's bankruptcy case last month.

The three failed institutions in these bankruptcy cases are: State Savings and Loan Association of Lubbock, Texas, which failed in December 1985; United Savings Association of Texas, Houston, Texas, which failed in December 1988; and Key Savings and Loan Association, Englewood, Colorado, which failed in February 1987.

Congress last August gave the FDIC deposit insurance authority and limited supervision over savings associations in response to the S&L industry's financial crisis. The filing of the cases involving Blubaugh and Finley exemplifies the FDIC's policy to seek recovery from individuals and entities whose illegal or improper actions caused losses at failed savings institutions.

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