



OFFICE OF THE CHAIRMAN

April 2, 1990

Re: United States v. Woody Lemons;
(U.S.D.C. Case # CR3-88-234-T)

Fraud and insider abuse in the savings and loan industry is now widely recognized as having been a major contributing factor to the failure of savings and loan associations across the country. Last August, the Congress, recognizing the growing crisis in the savings and loan industry assigned the responsibility to protect the deposit insurance fund from fraudulent abuses to the Federal Deposit Insurance Corporation. As Chairman of the FDIC, I take that task seriously, and am concerned with the perception of the American public that such conduct has been taken lightly.

Woody F. Lemons, former Chairman of the Board and Chief Executive Officer of Vernon Savings and Loan Association abused his position of trust and defrauded the institution causing damages of over \$18 million. While I have considered the fact that Mr. Lemons has a family, I have also taken into consideration his continuing attempts to hide and transfer assets and that virtually all the costs of Lemons' criminal acts will be borne by the FSLIC Resolution Fund and ultimately the U.S. taxpayers.

The Court has before it the opportunity to send a message to the banking and thrift community and to others who would commit such egregious acts as did Mr. Lemons, that the penalty for such conduct will reflect the seriousness of their crimes. We have submitted under separate cover our Victim Statement which sets forth in detail the losses attributable to Mr. Lemons' crimes and also requests restitution in an appropriate amount. I respectfully urge you to enter a restitution order as part of Mr. Lemons' sentence and to impose a term of substantial imprisonment for Woody F. Lemons.

Sincerely,

L. William Seidman
Chairman

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