

Crossland Seized as Regulators Reject Bids **Series: 5**

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618 words

27 January 1992

American Banker

AMB

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Vol. 157, No. 017

English

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The federal government seized Crossland Savings - the East Coast's second-largest thrift - on Friday, ending a six-month effort to find a buyer for the troubled \$7.4 billion-asset company.

The Federal Deposit Insurance Corp. said it pumped \$1.2 billion of cash into the renamed Crossland Federal Savings Bank to meet thrift capital requirements. Regulators said they hoped to revive the sales effort one or two years from now. Kraemer Named President

The FDIC, which absorbed Crossland after it was put into receivership by the Office of Thrift Supervision, installed Richard A. Kraemer as president and chief executive officer.

Until two weeks ago, he was chairman and chief executive of the Bowery Savings Bank and Home Savings Bank, two New York thrifts owned by H.F. Ahmanson & Co.

The government's failure to sell the once high-flying Crossland followed weeks of speculation that Chase Manhattan Corp. or Republic New York Corp. would be awarded the franchise. Strength in Branches

Although the company is suffering from a loss-ridden loan portfolio - with 21.5% of its assets classified as substandard or lower by regulators it has a strong branch network with \$5.5 billion of deposits.

The Office of Thrift Supervision in July put Crossland on the block, hoping to avoid an expensive seizure.

"We always prefer to sell, but in this case we just didn't think it was viable," FDIC chairman William Taylor said at a New York news conference. 2-Year Turnaround Estimate

Mr. Taylor, who confirmed that the government received two bids, estimated that a turnaround would take one or two years. Government officials said they expect the takeover to cost the FDIC about \$800 million.

Some observers criticized the government for failing to accept one of the bids, no matter how low.

"At a time when the value of deposits is sinking rapidly, the best guidance probably would have been to take what you can get when you can get it," said Edward Furash, president of Furash & Co., a Washington-based bank consulting firm.

The government, he added, will have its hands full trying to sell the institution.

In the first nine months of 1991, Crossland lost \$308.5 million, wiping out its equity capital.

The thrift has 44 branches in the New York area, and also owns a thrift and thriving mortgage-banking operation in Utah.

Stanley J. Poling, director of the FDIC's accounting and corporate services division, defended the government's decision.

"The market told us (to take it over)," he said, noting that the insurance fund has reserved for the loss it expects to take on Crossland. "We had a limited number of bidders." 'Bank Hospital' Opens

Mr. Taylor said Crossland is the first company seized as part of a "bank hospital" program he proposed when he took the FDIC's reins a few months ago.

Under the plan, the government controls a bank or thrift as it nurses it back to health and then sells it. Bert Ely, an independent bank analyst, said the purpose is to keep the assets out of the FDIC's asset liquidation division, though he expressed skepticism about the government's medicinal efforts.

Mr. Taylor, citing Crossland, disagreed.

"It's been to a degree successfully operated on," he said in an interview. "It's got good old Yankee cash. No notes. No mirrors. So what was broke yesterday is fixed today." The FDIC will likely tap its line of credit with Treasury for the \$400 million in working capital needed in the Crossland deal, according to Mr. Poling.

Bill Atkinson contributed to this story.

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