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F.D.I.C. Plans to Sell Shares In Failed Crossland Savings

May 15 (New York Times) -- In what would be only the second deal of its kind, the Federal Deposit Insurance Corporation said today that it planned to offer shares in the failed Crossland Federal Savings Bank to big institutional investors.

The last time such a transaction occurred was in 1984, when the F.D.I.C. took over the failing Continental Illinois Bank and Trust Company and put \$4.5 billion into the big bank. Through the sale of shares in Continental, the F.D.I.C. eventually pared its losses to about \$1 billion.

In the case of Crossland, the F.D.I.C. took over the Brooklyn savings bank in January 1992 and invested \$1.2 billion after it failed to garner an acceptable bid from two other institutions. An Experimental Sale

The agency installed a new chairman at the savings bank. And as part of an experimental, and controversial, tactic in handling failures, the F.D.I.C. said it would sell the savings bank within a year or two in hopes of recovering some of the \$1.2 billion.

The House Banking Committee chairman, Henry Gonzalez, immediately criticized the latest plan. The Texas Democrat said he would ask the General Accounting Office to investigate any sale to make sure "the F.D.I.C. gets the best deal for the taxpayer."

Typically, the F.D.I.C. -- which guarantees depositor funds in member institutions -- sells the deposits and assets of defunct banks to other financial institutions.

In this case, the agency is seeking to preserve Crossland by selling shares to big investors like mutual funds or pension funds instead of selling it to another institution, which would swallow it up. Bleak Alternatives

One alternative would have been for the F.D.I.C. to shut Crossland, pay off depositors and liquidate its assets. Or the agency could have sold it to another financial institution for what it considered inadequate terms.

Some analysts said they doubted that the agency's approach would prove to be the least costly. "The last thing this country needs is preserving a relatively small institution in a big market, especially if it's a savings bank," Bert Ely, a banking consultant, said.

An F.D.I.C. spokesman declined to comment.

The agency has retained the investment banking firms of Keefe, Bruyette & Woods Inc. of New York and Friedman, Billings, Ramsey & Company of Washington as advisers in the planned sale.

The F.D.I.C. conceivably could keep a minority stake in Crossland after a sale.

Crossland was established as a new Federal mutual savings bank by the F.D.I.C. in January 1992 after the transfer of most of the assets and liabilities of former Crossland Savings F.S.B. It had assets of \$7.4 billion and deposits of \$5.5 billion. It has since sold assets, cut staff and closed branches.

On March 31, Crossland reported total assets of \$5.7 billion and deposits of \$4.8 billion. Its capital was \$548.2 million, representing 9.69 percent of total assets.

Crossland has 35 branches in metropolitan New York, and its subsidiary bank has five branches in New Jersey and nine branches in Florida.

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