

2022-2026 Strategic Plan

Subscribe

| |
|--|
| Strategic Plan Home |
| Chairman's Message |
| Mission, Vision, and Values |
| The FDIC & the Banking Industry: Perspective and Outlook |
| The FDIC's Major Programs |
| Insurance |
| Supervision |
| Receivership Management |
| Inspector General |
| Appendices |

Receivership Management Program

Program Description

When an IDI fails, the FDIC is ordinarily appointed receiver. In that capacity, it assumes responsibility for efficiently recovering the maximum amount possible from the disposition of assets and the pursuit of claims in the receivership. Funds that are collected from the sale of assets and the disposition of valid claims are distributed to the creditors of the receivership according to priorities set by law.

The FDIC seeks to terminate receiverships in an orderly and expeditious manner. Once the FDIC has completed the disposition of the receivership's assets and has resolved all obligations, claims, and other legal impediments, the receivership is terminated, and a final distribution is made to its creditors. Receivership creditors may include secured creditors, unsecured creditors (including general trade creditors), subordinate debt holders, shareholders, uninsured depositors, and the DIF (as subrogee). The FDIC, in its corporate capacity, is often the largest creditor of the receivership.

Strategic Goal 5

Resolutions are orderly and receiverships are managed effectively.

Strategic Objectives

5.1 The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.

5.2 The FDIC investigates potential recoveries, including claims against professionals, and pursues them if deemed to be meritorious and expected to be cost-effective.

The means and strategies used to achieve these strategic objectives and the external factors that could impact their achievement are described below.

5.1 The FDIC manages receiverships to maximize net return and terminates them in an orderly and timely manner.

Means and Strategies: Under the FDIC Act, the FDIC, in its receivership capacity, manages the assets of failed IDI receiverships to preserve their value and to dispose of them as quickly as possible, consistent with the objective of maximizing the net return on those assets. The oversight and prompt termination of receiverships preserves value for the uninsured depositors and other receivership claimants by reducing overhead and other holding costs. By quickly returning the assets of a failed institution to the private sector, the FDIC maximizes net recoveries and minimizes disruption to the local community.

In fulfilling its responsibilities to creditors of failed institutions, the FDIC, as receiver, manages and sells the receivership assets using a variety of strategies. Given adequate time to prepare for a resolution, the FDIC develops a virtual data room and an asset valuation review to solicit bidders and sell as many of the IDI's assets as possible at closing or shortly thereafter. The FDIC manages the remaining assets in a cost-effective manner to preserve value until they can be marketed and sold. Most of the remaining assets are marketed within 120 days after an IDI fails unless they are identified for an alternative disposition strategy (i.e., joint venture or securitization).

External Factors: A severe economic downturn could lead to more IDI failures and could affect the pace at which the FDIC markets assets and terminates receiverships.

Other factors, such as extended litigation and problems resolving environmentally tainted receivership properties, might also delay the termination of a receivership.

5.2 The FDIC investigates potential recoveries, including claims against professionals, and pursues them if deemed to be meritorious and expected to be cost-effective.

Means and Strategies:When an IDI fails, the FDIC, as receiver, acquires a group of legal rights, titles, and privileges generally known as professional liability claims. The FDIC's attorneys and investigators work together to identify and pursue claims arising from the failure of an IDI that are deemed to be meritorious and expected to be cost-effective. The team conducts a factual investigation of the events that contributed to losses at the IDI as well as legal research and analysis of the facts and potential claims. Innovative data capture and analytics techniques are used to gain efficiencies throughout the investigative process. For each potential claim, the team recommends whether the claim should be pursued based on an assessment of its merits and the likelihood of a recovery exceeding the estimated cost of pursuing the claim. The timely investigation and evaluation of potential claims enables the FDIC to identify opportunities to maximize recoveries to each receivership and to hold accountable directors, officers, and professionals who cause losses to IDIs. This process also enhances industry awareness of sound corporate governance standards.

External Factors:Potential claims are generally subject to statutes of limitations that establish time limits for the claim to be filed. A substantial increase in the number of failures could make it difficult to complete investigations of all potential claims and determine within the established time limit whether to pursue claims. The same situation could occur with very complex investigations or claims. Other obstacles to timely investigation and evaluation of claims include difficulty accessing critical information or witnesses. In such cases, the FDIC may seek to enter into tolling agreements with the potential defendants to extend the allowable timeframe for the claims to be filed.