

FDIC officials going after executives of failed banks

[Comments](#) | [The Virginian-Pilot and The Ledger-Star, Norfolk, VA, Oct 9, 2010](#)

The Associated Press

WASHINGTON

Federal regulators have authorized legal action against more than 50 executives and directors of collapsed U.S. banks as they seek to recover about \$1 billion in losses.

A spokesman for the Federal Deposit Insurance Corp. said Friday that the regulator's board has approved possible lawsuits over the course of recent months.

FDIC attorneys are in settlement talks with the executives. Spokesman David Barr didn't say how many banks are involved.

The \$1 billion represents losses from failed banks that the agency maintains were due to negligence or misconduct by the executives or directors. A total of 287 banks have been shuttered in the United States since July 2008.

The FDIC in July sued four former executives of failed IndyMac Bank and is seeking \$300 million in damages. The collapse of California-based IndyMac two years ago was one of the biggest bank failures in U.S. history. It cost the federal deposit insurance fund an estimated \$12.7 billion.

The FDIC alleges in the suit that the former executives negligently approved loans to homebuilders that had a scant chance of being repaid. The four have denied the allegations.

This year, 129 failed banks have been shut down and seized by the FDIC. They have cost the deposit insurance fund around \$20 billion.

In 2009, 140 banks failed. That's the highest annual tally since 1992, the height of the savings and loan crisis.

The insurance fund fell into the red last year, and its deficit stood at \$20.7 billion as of June 30.

Copyright 2010

Provided by ProQuest Information and Learning Company. All rights Reserved