

# Depositors upset about FDIC rules for small banks

DALLAS (AP) — Small bank depositors and officers say they are being slighted by federal regulators who protect deposits in Texas' large banks, but refuse to do the same for smaller institutions.

Randy Smith said his company had \$202,000 in Park West Bank of Plano when it failed. A bank officer told him the Federal Deposit Insurance Corp. would determine whether to refund all of the money or whether the \$100,000 FDIC insurance limit applied.

Although some of the funds exceeding the \$100,000 cap have been paid, Cecil Carr Construction Co. has yet to recover \$86,000 from the account. But on March 17, regulators guaranteed all deposits of troubled First Republic Bank.

"It's a horror story," Smith told the *Dallas Times Herald*. "Everyone knew that the FDIC would bail out First Republic's depositors, but Park West's uninsured depositors were left to have their throats cut."

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— Randy Smith, depositor at failed bank

Since the start of 1985, 2,980 accounts at 28 failed Texas banks have not been covered completely by the FDIC. During those same closings, \$58 million of uninsured deposits have been placed at risk of not being covered by the FDIC.

When First Republic Bank began having problems, regulators protected some \$7.6 billion in deposits denominated in sums of \$100,000 or more. The deposits amount is 131 times as much money imperiled in Texas' small bank failures.

"We were dealing with a widespread crisis of confidence at First Republic," FDIC spokesman Alan Whitney said. "We had no choice."

But the state's independent bankers say federal regulators are

discriminating against small bank depositors and small banks.

They contend closure is ordered for small troubled banks while multibillion-dollar bailouts are given to banking giants such as First Republic Bank and First City Bancorporation of Texas.

"The federal regulators are our judges, jury and executioners," charges F. Hagen McMahon Jr., director of the Independent Bankers Association of Texas, which represents about 1,400 independent banks in the state. "They are not closing the large banks; they are closing our banks."

William Seidman, chairman of the FDIC, said the only solution for failed small banks is to close them and either pay off insured deposits or transfer the accounts

to another institution and give uninsured depositors a claim against recoveries made during liquidation of the failed banks' assets.

The unworkable alternative, he said, would have been to take over and operate each of the 140 U.S. banks that failed since 1985 and couldn't be sold.

Small-bank depositors aren't suffering as much as Texas bankers contend, regulators say. In the 109 Texas bank failures since the beginning of 1985, about \$11.2 billion of deposits either have been transferred to acquiring institutions or paid off 100 percent, Whitney said.

But McMahon said members of his group of independent bankers have suffered, while the FDIC pumped \$50 million into Dallas-based BancTexas Group, \$1 billion into First City and \$1 billion into First Republic Bank.

"Let us point out that our bankers live in the same economy as the bankers working for First Republic," McMahon said in an open letter to Congress

# Family buries Navy sailor killed in USS Bonfish submarine explosion

WILLIS (AP) — With carnations, flower leis and a lipstick tribute scrawled on his coffin, a Navy sailor who died on a training mission was buried with full military honors.

Petty Officer 1st Class Robert Wayne Bordelon Jr., 39, was one of three sailors killed when an explosion and fire ripped through the USS Bonfish, one of the Na-

vy's last non-nuclear submarines, during a training exercise in the Atlantic.

Bordelon, a career sailor planning to retire later this year after 20 years in the Navy, was buried Saturday at the Willis Cemetery, six days after the accident happened.

When Lt. J.G. Michael Greenwood presented the U.S. flag that had been draped

over the coffin to Bordelon's mother, Adell Burger, she held the flag to her chest and closed her eyes.

Other family members placed flowers and Hawaiian leis on the casket, while Linda Dell Devaney, Bordelon's half-sister, scrawled in lipstick on the coffin "I love you, Bobby. 4ever."

The Navy has released few details of the

accident, but the *Washington Post* in its Saturday edition reported that the Navy is investigating eyewitness accounts that a fire broke out in the crew quarters shortly before the first explosion.

The newspaper, quoting Pentagon sources, said a leak developed in a valve of a garbage disposal while some crewmen were pumping garbage overboard and salt water

began pouring into the battery room below, where the explosion occurred.

A Navy spokesman would not comment on the report.

Twenty-two sailors among the 92 crewmen aboard were injured in the accident. The bodies of Bordelon and the two other sailors killed were recovered Wednesday, but the cause of death was not released.

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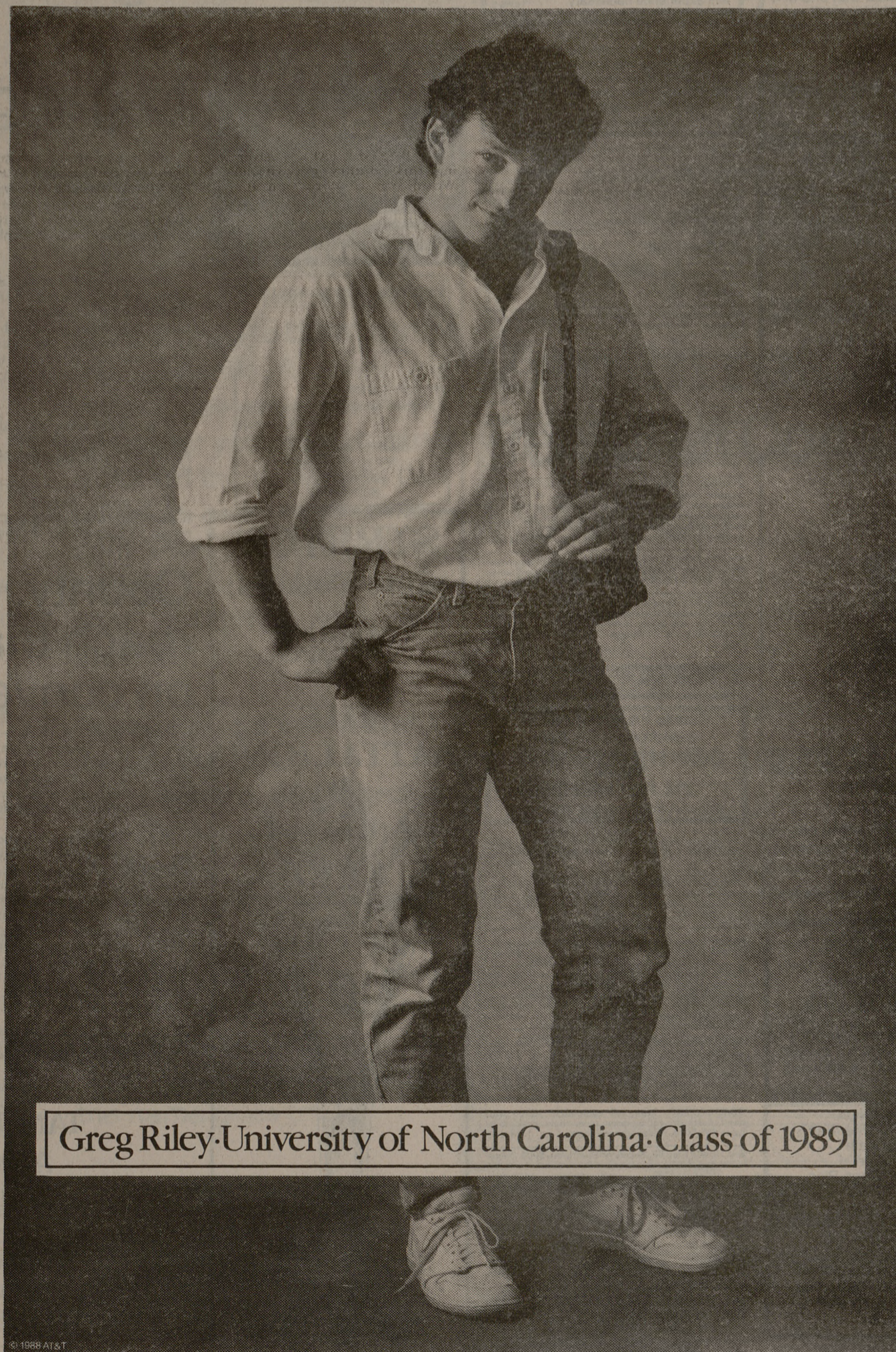


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