


Foreword

While banks are now recording record levels of profit, it was not too long ago that the stability of our nation's financial system was at stake. In the period between 1980 and 1994, almost 3,000 banks and savings and loan institutions either failed or required government assistance. During that tumultuous time, the Federal Savings and Loan Insurance Corporation (FSLIC) insurance fund became bankrupt and the Resolution Trust Corporation (RTC) was created. Meanwhile, the Federal Deposit Insurance Corporation's (FDIC) insurance fund was being severely tested.

Managing the Crisis: The FDIC and RTC Experience is the second of two studies conducted by the FDIC concerning the financial events that shaped this time period. The first study, *History of the Eighties: Lessons for the Future*, reviewed and analyzed the circumstances that led to the failure of so many banks. This second study examines the manner in which the FDIC and the RTC handled the bank and thrift failures. It documents the evolution of the methods used to resolve failed institutions, pay depositors their money, and dispose of the large volume of assets that remained.

I would like to extend my gratitude to John Bovenzi for serving as director and overall editor of this study. I would also like to recognize former FDIC Chairman Ricki Helfer for instituting this study and Acting FDIC Chairman Andrew Hove, Jr., for directing the program through its development. I want to thank those individuals acknowledged on the pages that immediately follow for undertaking this project and for bringing to light the efforts of all the FDIC and RTC employees who helped to resolve the crisis, restore financial stability, and maintain public confidence in our financial system.

Finally, and most significantly, I would like to thank everyone who worked at the FDIC and the RTC during this difficult period. They were the ones who actually "Managed the Crisis" and in no small way contributed to the economic prosperity that followed.

—Donna A. Tanoue, Chairman

