

## Press Releases

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July 27, 2001

### OTS 01-51 - OTS Closes Superior Bank FSB; Hinsdale, Ill. Thrift is Insolvent

#### Office of Thrift Supervision

FOR RELEASE at 6:00 P.M. EDT

For further information

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OTS 01-51

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### OTS Closes Superior Bank FSB; Hinsdale, Ill. Thrift is Insolvent

WASHINGTON - The Office of Thrift Supervision (OTS) closed Superior Bank FSB, Hinsdale, Ill., today and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver.

The FDIC transferred the insured deposits and substantially all the assets of Superior Bank into a newly chartered, full-service mutual savings bank, known as Superior Federal, FSB, which will open for business on Monday morning. All depositors of Superior Bank automatically become depositors of Superior Federal, and will have immediate access to their insured funds. All 18 of Superior Bank's Chicago metropolitan area offices will open for business Monday and will continue to offer full banking services, including online banking. Superior Bank's loan production and servicing operations will also continue to operate normally.

OTS used its authority under the FDIC Improvement Act of 1991 to close Superior Bank when it found that the bank remained critically undercapitalized -- that its tangible equity capital was less than two percent of its total assets. The bank failed to implement a capital restoration plan that it submitted to OTS on May 24 this year.

Superior Bank suffered as a result of its former high-risk business strategy, which was focused on the generation of significant volumes of subprime mortgage and automobile loans for securitization and sale in the secondary market. OTS found that the bank also suffered from poor lending practices, improper record keeping and accounting, and ineffective board and management supervision.

Superior became critically undercapitalized largely due to incorrect accounting treatment and aggressive assumptions for valuing residual assets. The bank also experienced significant losses during 2000 from its automobile lending program.

OTS has determined that Superior Bank is insolvent, having incurred losses that have depleted all or substantially all of its capital. OTS also determined that Superior Bank was no longer able to transact business in a safe and sound manner.

OTS notified the bank of its serious concerns in July 2000.

The bank was purchased by two families in 1988 -- the Pritzker family of Chicago, owner of Hyatt Hotels and other interests, and the Dworman family of New York, with interests in real estate and financial services activities -- and was operated through a complex network of holding companies.

In light of these findings, OTS determined that closure and the appointment of FDIC as receiver were necessary to protect the interests of the bank's insured depositors.

As of March 31, 2001, the failed bank had total assets of \$1.9 billion and total deposits of \$1.5 billion. FDIC insures depositors' accounts up to the statutory limit of \$100,000.

Superior is the only bank that OTS has closed in 2001, and only the fourth OTS-regulated institution closed in the past five years.

The FDIC has established a toll free telephone number for customers of Superior. That number is 1-800-331-6306, and will be available until midnight tonight and then from 7 a.m. to 7 p.m. daily thereafter.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).