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New Dynamics for Troubled Institutions

The fallout from the subprime mortgage market meltdown and associated financial dislocations is raising the potential for a renewed surge of FDIC receivership activity. In the first of two commentaries to be published in the *American Banker*, Tom Vartanian and Bob Ledig explore the new dynamics in handling troubled financial institutions, the evolution of the FDIC resolution process, and the role that alternative capital sources, such as private equity firms, can play in recapitalizing troubled institutions. *See* Vartanian and Ledig, "Viewpoints: Some New Dynamics for Troubled Institutions," *American Banker*, July 18, 2008, at page 10. The authors conclude that today's financial and regulatory environment places a premium on private-sector resolutions of troubled institutions, and that the regulators will aggressively encourage troubled institutions to look for a merger partner or a new source of significant capital. In that environment, there are new and significant opportunities for financial institutions looking to expand their geographic and product markets through troubled institution acquisitions, and for non-industry parties, such as private equity and hedge funds, to invest in financial assets.

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