



U.S. Rep. Jane Harman
36th District of California



PRESS RELEASE

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HARMAN, DREIER “InDY ACT” PROVIDES RETROACTIVE PROTECTION FOR INDYMAC DEPOSITORS

Lawmaker says ~ “We have spent a trillion dollars bailing out Wall Street, the auto industry and banks. It’s time for more help for Main Street.”~

Washington, D.C. – Reps. Jane Harman (D-Venice) and David Dreier (R-San Dimas) today introduced H.R. 5429, the “Investor Deposit Yardstick Act” (InDY Act) to raise retroactively the limit on the insured savings of depositors in banks that collapsed between January and October 2008, when the federal government raised the FDIC insurance limit from \$100,000 to \$250,000 per account.

The largest savings and loan in the Los Angeles area, IndyMac, failed in July 2008, wiping out \$233 million in savings from approximately 6,500 depositors overnight. Their savings were insured only up to \$100,000 per account.

The legislation would also retroactively protect the savings of 1,500 depositors in five other failed banks in Florida, Montana, Arkansas, Kansas and Nevada.

“Our bill will restore to IndyMac customers what they suddenly lost in July 2008, and treat them as equals to other Americans whose savings were swallowed by the economic crisis,” said Harman. **“Congress can make these people whole again. We have spent a trillion dollars bailing out Wall Street, the auto industry and banks. It’s time for more help for Main Street.”**

“Seeking fairness for former IndyMac depositors has been a priority since the bank’s takeover in the summer of 2008,” Dreier said. **“Their losses were no less difficult and no less tragic than those that occurred later that same year. It is only fair that the families and small business owners who kept their savings with IndyMac receive the same protection as those who lost funds at other financial institutions but were covered by the higher deposit insurance amount.”**

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INDYMAC AMENDMENT STATEMENT

Madame Speaker:

On July 11, 2008, 6,500 depositors in IndyMac bank woke up to find huge chunks of their life savings had vanished. IndyMac collapsed, and with it went \$233 million in deposited funds.

These small business owners, retirees and working families were not speculating wildly on the stock market -- they were saving money in a bank they thought was secure.

Three months later, as the economy cratered, the federal government rode to the rescue of customers of other failing banks. In October 2008, the government raised the FDIC insurance limit from \$100,000 to \$250,000.

But it came too late for IndyMac customers, and for customers of five other banks across the country that were taken over by the FDIC. The new limits applied only prospectively to banks that *would* fail, not retroactively to those that already *had*.

IndyMac was the largest savings and loan in the Los Angeles area and its downfall hit California especially hard. Imagine your child's education fund practically wiped out overnight. Imagine your retirement nest egg decimated. And when you go to claim your FDIC insurance coverage, you are told you can't recover up to \$250,000 but your neighbor can.

And many customers claim they were misled by IndyMac employees into believing their savings in excess of \$100,000 were fully insured.

I am pleased to have partnered with Chairman Frank and the FDIC to resolve this problem, as well as my co-author David Dreier, and I urge prompt passage of this legislation, which is fully paid for out of fees assessed on financial institutions.