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FEDERAL DEPOSIT INSURANCE CORPORATION FDIC TRANSFER OF INSURED DEPOSITS OF GRAND CANYON STATE BANK, SCOTTSDALE, ARIZONA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the transfer of insured deposits and fully secured or preferred deposits of Grand Canyon State Bank, Scottsdale, Arizona, to Bank of Fountain Hills, Fountain Hills, Arizona. The failed bank's sole office will reopen on Monday, May 22, 1989, as a branch of Bank of Fountain Hills.

The Board of Directors decided to arrange an insured deposit transfer because no acceptable bids were received for a purchase and assumption transaction.

Grand Canyon State Bank, with total assets of about \$11.2 million, was closed on Friday, May 19, 1989, by William H. Rivoir, III, Arizona Superintendent of Banks, and the FDIC was named receiver.

At the time the bank closed, its deposits totaled about \$10.4 million in 641 deposit accounts, including approximately \$4,000 in 17 accounts that exceeded the federal insurance limit of \$100,000. Uninsured depositors and nondepositor creditors will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

Deposits in the failed bank up to the statutory insurance limit of \$100,000 will be available to their owners on Monday, May 22, 1989. In the interim, checks drawn on the failed bank's accounts, up to the insurance limit, will continue to be honored.

Insured depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank. However, they should visit the acquiring bank during the next several weeks to discuss continuation of their banking relationship.

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Administration of the transferred insured deposits will be funded by an equivalent cash payment from the FDIC. The acquiring bank is paying the FDIC a premium of \$1,000 for the right to receive the transferred deposits. It also will purchase certain assets of the failed bank for \$1.9 million, and will have options to purchase loans and other assets of the failed bank. The FDIC will retain assets of the failed bank with a book value of \$9.3 million.

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