



# NEWS RELEASE

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## **FDIC APPROVES ASSUMPTION OF DEPOSITS OF FIDELITY BANK, SCOTTSDALE, ARIZONA**

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and other liabilities of Fidelity Bank, Scottsdale, Arizona, by The Bank of Fountain Hills, Fountain Hills, Arizona. The failed bank's two offices will reopen on Monday, July 24, 1989, as branches of The Bank of Fountain Hills and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Fidelity Bank, with total assets of about \$11.5 million, was closed on Friday, July 21, 1989, by William Rivoir, III, Arizona Superintendent of Banks, and the FDIC was named receiver.

The Bank of Fountain Hills will assume about \$11.7 million in 1,800 deposit accounts and will pay the FDIC a purchase premium of \$251,000. It also will purchase approximately \$7.3 million of the failed bank's assets, including \$327,000 of the bank's small loans.

To facilitate the transaction the FDIC will advance \$4.1 million to the assuming bank and will retain assets of the failed bank with a book value of \$4.2 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC.

The FDIC will recover a portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of shareholders of the closed bank.

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