



## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### FDIC APPROVES ASSUMPTION OF DEPOSITS OF THE LEE STATE BANK, BROWERVILLE, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of The Lee State Bank, Browerville, Minnesota, by First National Bank of Long Prairie, Long Prairie, Minnesota. The failed bank's sole office will reopen on Friday, November 10, 1989, as a branch of First National Bank of Long Prairie, and its depositors automatically will become depositors of the assuming bank.

The Lee State Bank, with total assets of about \$13.8 million, was closed on Thursday, November 9, 1989, by Michael A. Hatch, Minnesota Commissioner of Commerce, and the FDIC was named receiver.

First National Bank of Long Prairie will assume about \$13.4 million in 3,800 deposit accounts and will pay the FDIC a purchase premium of \$367,000. It also will purchase approximately \$9.5 million of the failed bank's assets, including \$955,00 of the bank's consumer loans.

To facilitate the transaction the FDIC will advance \$3.6 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 nondepositor creditors and shareholders of the closed bank.

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