



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-152-87 (8-21-87)

FDIC TRANSFERS INSURED DEPOSITS OF PEOPLE'S STATE BANK OF MAZEPPA, MAZEPPA, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation has approved the transfer of insured deposits and fully secured or preferred deposits of the People's State Bank of Mazeppa, Mazeppa, Minnesota, to The First State Bank of Red Wing, Red Wing, Minnesota. The failed bank's sole office will reopen on Saturday, August 22, 1987, as a branch of The First State Bank of Red Wing.

The Board of Directors decided to arrange an insured deposit transfer because of an inability to determine potential losses in contingent liabilities of the failed bank.

People's State Bank of Mazeppa, with total assets of \$16.5 million, was closed on Friday, August 21, 1987, by James G. Miller, Deputy Commissioner of Commerce, and the FDIC was named receiver.

At the time the bank closed, its deposits totalled about \$15.3 million in 2,900 deposit accounts including \$6,000 in one account 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 the 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 immediately. Checks drawn on the failed bank's accounts will continue to be honored.

Even though insured depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank for an

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18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationship with the bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread out over the next month or longer than to occur within the next week or so.

Administration of the insured deposits transferred to The First State Bank of Red Wing will be funded by an equivalent cash payment from the FDIC. The bank is paying the FDIC a premium of \$82,000 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for \$9.1 million.

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