



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF THE MURDOCK STATE BANK, MURDOCK, KANSAS

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 Murdock State Bank, Murdock, Kansas, to Farmers State Bank of Norwich, Norwich, Kansas. The failed bank's sole office will reopen on Friday, September 25, 1987, as a branch of Farmers State Bank of Norwich.

The Board of Directors decided to arrange an insured deposit transfer because of an excessive volume of high-cost brokered deposits which were used to fund speculative securities transactions.

The Murdock State Bank, with total assets of \$20.7 million, was closed on Thursday, September 24, 1987, by W. Newton Male, Kansas State Bank Commissioner, and the FDIC was named receiver. Commissioner Male said of The Murdock State Bank and The Mayfield State Bank, Mayfield, Kansas, an affiliated bank which also closed today: "Massive losses in both banks' securities accounts completely destroyed the entire capital structure of these two institutions. Not only was the capital reduced to zero, but the losses brought about a combined deficit capital amounting to over \$4 million." The banks, which had common ownership and executive management, are located about 40 miles apart.

At the time the bank closed, its deposits totalled about \$22.1 million in 1,300 deposit accounts including \$6,000 in 11 accounts that exceeded the federal insurance limit of \$100,000. Uninsured depositors will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

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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 up to the insurance limit 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 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 acquiring 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 transferred insured deposits will be funded by an equivalent cash payment from the FDIC. The acquiring bank is paying the FDIC a premium of \$138,750 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for \$13.2 million.

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