



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-4-88 (1-8-88)

FDIC TRANSFERS INSURED DEPOSITS OF THE NORTH AMERICAN BANK, PHOENIX, 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 The North American Bank, Phoenix, Arizona, to Columbia Bank, Avondale, Arizona. The failed bank's Mesa Branch will reopen on Monday, January 11, 1988, as a branch of Columbia Bank. The main office in Phoenix will not reopen, however, all customers of the closed bank may immediately transact their business at the Mesa Branch.

The Board of Directors decided to arrange an insured deposit transfer because of an indeterminate number of potentially large contingent liabilities.

The North American Bank, with total assets of \$30.5 million, was closed on Friday, January 8, 1988, by Mary C. Short, Arizona Superintendent of Banks, and the FDIC was named receiver.

At the time the bank closed, its deposits totalled about \$29.9 million in 2,100 deposit accounts including \$426,000 in 23 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 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 18-month period, they are encouraged to visit the bank during the next several

-more-

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 \$87,500 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for \$15.3 million.

###