



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-106-88 (5-26-88)

FDIC APPROVES DEPOSIT ASSUMPTION OF LONE STAR BANK, HARRIS COUNTY (BAYTOWN), TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposits and fully secured liabilities of Lone Star Bank, Harris County (Baytown), Texas, by Citizens Bank and Trust Company of Baytown, Baytown, Texas.

The failed bank's sole office will not reopen. However, its customers can transact their business at any office of Citizens Bank and Trust Company of Baytown, beginning on Friday, May 27, 1988. Depositors of the failed bank automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Lone Star Bank, with total assets of about \$12.9 million, was closed on Thursday, May 26, 1988, by Kenneth W. Littlefield, Texas Banking Commissioner, and the FDIC was named receiver.

Citizens Bank and Trust Company of Baytown will assume about \$12.5 million in 2,300 deposit accounts and will purchase approximately \$5.0 million of the failed bank's assets, including \$505,000 of the bank's small loans at a discount of \$60,000.

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.

###