



# NEWS RELEASE

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PR-103-86 (6-29-86)

## FDIC TRANSFERS INSURED DEPOSITS OF UNION DEPOSIT BANK, UNION, KENTUCKY

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of the Union Deposit Bank, Union, Kentucky, to The Central Trust Company, Boone County, Kentucky, a new state-chartered member bank. The failed bank's one office will reopen on Monday, June 30, 1986, as The Central Trust Company.

The Board of Directors decided to arrange an insured deposit transfer because no acceptable bids were received for the failed bank.

Union Deposit Bank, which had total assets of \$6.0 million, was closed on Thursday, June 26, 1986, by Thomas B. Miller, Kentucky Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Miller said the action was necessary because the findings in an emergency examination of the bank conducted on June 24 and June 25 revealed that the bank was insolvent and could not operate in a safe and sound manner due to impaired capital. "These conditions can primarily be attributed to a lack of internal controls that resulted in certain deposits not being recorded on the books of the bank," Mr. Miller said.

At the time the bank closed, its deposits amounted to about \$6.5 million in approximately 2,200 deposit accounts, including \$24,000 in two 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.

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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 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. 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 new bank will be funded by an equivalent cash payment from the FDIC. The new bank is paying the FDIC a premium of \$1,710,000 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for \$2.5 million.

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