



## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### FDIC TO PAY OFF DEPOSITORS IN ELK CITY STATE BANK, ELK CITY, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation today approved paying off insured depositors in Elk City State Bank, Elk City, Oklahoma. The bank, which had total assets of \$20.6 million, was closed on Friday, February 21, 1986, by Oklahoma State Bank Commissioner Robert Y. Empie and the FDIC was named receiver.

Mr. Empie said: "An abundance of bad loans caused the termination of the bank's managing officer, leaving the institution without leadership and eroding the confidence of the bank's customers."

Deposits in Elk City State Bank amounted to about \$21.0 million in 2,800 accounts. The FDIC estimates that all but about \$19,000 of the deposits, in nine accounts, are within the federal insurance limit of \$100,000, or are otherwise secured.

Although owners of uninsured deposits generally share proportionately with the FDIC in the proceeds realized from liquidation of a failed bank's assets, the FDIC Board voted in this case to make a prompt advance cash payment to such depositors equal to 100 percent of their uninsured claims. This was possible because of the estimated collection of receivership assets coupled with Oklahoma's depositor preference statute. This law gives uninsured depositors priority over other creditors in claims against the proceeds obtained through liquidation of a failed bank's assets.

The FDIC Board of Directors determined that a payoff of insured depositors was required because no bids were received for the failed bank.

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