



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-43-86 (3-28-86)

FDIC TRANSFERS INSURED DEPOSITS OF FARMERS AND MERCHANTS BANK OF HUNTSVILLE, HUNTSVILLE, MISSOURI

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 Farmers and Merchants Bank of Huntsville, Huntsville, Missouri, to City Bank and Trust Company, Moberly, Missouri. The failed bank's only office will reopen on Monday, March 31, 1986, as a branch of City Bank and Trust Company.

Farmers and Merchants Bank of Huntsville, which had total assets of \$18.8 million, was closed on Friday, March 28, 1986, by Thomas B. Fitzsimmons, Missouri Commissioner of Finance, and the FDIC was named receiver. Mr. Fitzsimmons said: "The bank has been under regulatory scrutiny for some time due to a succession of poor management. Even though more capable management was obtained last year, the problems were too much to overcome. Although 32 percent of the loan losses were related to agriculture, they in themselves would not have caused the failure."

At the time the bank closed, its deposits amounted to about \$18.2 million in 4,700 deposit accounts. All of the deposits are within the federal insurance limit of \$100,000. Deposits in the failed bank 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

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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 \$12,000 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for \$9.7 million.

The Board of Directors decided to arrange an insured deposit transfer because an indeterminable amount of losses in contingencies in the failed bank made it impossible to arrange a purchase and assumption transaction.

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