FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE PR-15-85 (2-8-85)

FDIC TRANSFERS INSURED DEPOSITS OF PEOPLES BANK & TRUST CO., WARTBURG, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of Peoples Bank & Trust Co., Wartburg, Tennessee, to the Citizens Bank & Trust Co., Wartburg, Tennessee. The failed bank's three offices will reopen on Monday, February 11, 1985, as branches of Citizens Bank & Trust Co.

Peoples Bank & Trust Co. was closed on February 8, 1985, by William C. Adams, Tennessee Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Adams said: "The bank failed because of excessive loan losses."

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, and customers who had interest-bearing accounts in the failed bank will continue to earn interest on such deposits.

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 continuation of their banking relationships with the new bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread over the next month or longer rather than to occur within the next week or so.

-more-

At the time the bank closed, its deposits amounted to $20 million in 4,200 accounts. All but about $234,000 of the bank's deposits in 59 accounts were within the federal insurance limit of $100,000 or otherwise secured. Owners of such uninsured deposits will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

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 $325,000 for the right to receive the transferred deposits, and will purchase certain assets of the failed bank totalling $8.5 million.

The FDIC Board of Directors decided to arrange an insured deposit transfer because of substantial insider abuse, resulting in uncertainty as to the true liabilities of the bank.

The FDIC Board of Directors has begun action to impose civil money penalties totalling $5.4 million against five individuals who are now or who were related to the bank. The penalties, which may be appealed, are being sought because of apparent violations of laws and regulations governing transactions involving bank insiders (officers, directors and shareholders). The individuals and the amount of penalties proposed are as follows:

Joe T. Boyd, controlling stockholder	$1,760,000
Jack E. Somerfield, former controlling stockholder and former chairman of the board	$1,540,000
John Carter, director	1,760,000
T. Q. Heidel, director and president	100,000
Larry Alvery, director	228,000

-more-

As of February 7, the failed bank's deposits included $6.4 million in brokered funds. Deposit brokers who placed funds in the bank included: Brittenum and Associates, Little Rock, Arkansas; First Empire Funding Corporation, Huntington, New York; Golconda Financial, South El Monte, California; Carey Investment Co., Inc., Laguna Hills, California; North American International, Huntington, New York; Financial Northeastern Corporation, West Caldwell, New Jersey; Investment Transaction Corporation, Los Altos, California; High Yield Management, Inc., Clifton, New Jersey; and Duncan Williams, Inc., Memphis, Tennessee.

Brokered funds originated from depositors located in 23 states and the District of Columbia and came from as far away as California. Brokered funds were placed with the bank by the following types of depositors in the following amounts:

14 Savings and Loan Associations	$1,400,000
21 Credit Unions	2,100,000
23 Banks	2.300,000
3 Other	300,000

-###-