



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC LISTS BROKERED DEPOSITS IN FAILED PEOPLES BANK & TRUST CO., WARTBURG, TENNESSEE

The Federal Deposit Insurance Corporation today identified financial institutions that placed funds in the Peoples Bank & Trust Co., Wartburg, Tennessee, through deposit brokers. The bank was declared insolvent and closed on February 8, 1985, by William C. Adams, Tennessee Commissioner of Financial institutions.

At the time Peoples Bank & Trust Co. failed, \$6.4 million of its \$20.0 million in deposits consisted of funds placed by nine brokers on behalf of depositors in 23 states. Brokered funds, all in denominations of \$100,000 (the maximum insured limit), were placed with the bank by the following financial institutions:

SAVINGS AND LOAN ASSOCIATIONS

Aspen Savings and Loan
Aspen, Colorado

Bay View Federal Savings and Loan
Milwaukee, Wisconsin

Brehm Savings and Loan
Baltimore, Maryland

Collective Federal Savings and Loan
Egg Harbor, New Jersey

First Federal Savings & Loan
Association
Bismarck, North Dakota

First Federal Savings & Loan
Roanoke, Virginia

First Federal Savings & Loan
Association of New Castle
New Castle, Pennsylvania

First Federal Savings & Loan
of Southeast Missouri
Cape Girardeau, Missouri

First Federal Savings & Loan
of Little Fields
Little Fields, Texas

Gibraltar Savings & Loan
Association
Miami, Florida

Guardian Savings & Loan
Atlantic City, New Jersey

- more -

Mutual Federal Savings & Loan
Zanesville, Ohio

Olney Savings & Loan
Olney, Illinois

Van Wert Federal Savings & Loan
Van Wert, Ohio

COMMERCIAL & SAVINGS BANKS

Bank of America, Trustee for
Southern California Retail
Clerks Union
Los Angeles, California

Citizens Bank of Boonesville
Boonesville, Arkansas

Citizens National Bank
Hope, Arkansas

Commercial Bank & Trust Company
Monticello, Arkansas

Crockett State Bank
Crockett, Texas

Farmers and Traders National
Savings Bank
Colebrook, New Hampshire

The Federal Savings Bank of
New Britain Connecticut
New Britain, Connecticut

First National Bank of McAlester
McAlester, Oklahoma

Franklin Savings Association
Austin, Texas

Grabill Bank
Grabill, Indiana

Howell State Bank
Howell, New Jersey

Lawrence County Bank
Portia, Arkansas

Mountain Ridge State Bank
West Orange, New Jersey

Penn Savings Bank
Reading, Pennsylvania

Pioneer Bank & Trust
Ponca City, Oklahoma

Rancho Banks
San Dimas, California

Shelby Panola Savings
Association
Carthage, Texas

Society for Savings
Hartford, Connecticut

CREDIT UNIONS

Auto Accessories Credit Union
Elyria, Ohio

Century Federal Credit Union
Cleveland, Ohio

Communications Family Credit Union
Saginaw, Michigan

Dupont Fibers Employees Credit Union
Richmond, Virginia

Farmway Credit Union
Beloit, Kansas

First Community Credit Union
St. Louis, Missouri

G.F.G.E. Federal Credit Union
Great Falls, Montana

Gulf Chemical Employees Credit
Union
Pittsburg, Kansas

Hughes Employees Credit Union
Houston, Texas

Iron & Steel Credit Union
Birmingham, Alabama

Rantoul-Chamute Community
Credit Union
Rantoul, Illinois

Rohr Employees Federal Credit
Union
Chula Vista, California

Saginaw CP Employees Credit
Union
Saginaw, Michigan

Washington Telephone
Federal Credit Union
Kensington, Maryland

Williston Cooperative Credit
Union
Williston, North Dakota

The FDIC continues to be concerned about deposit brokers that place funds in banks solely on the basis of the rate of interest paid, without regard to the condition of the institutions involved. A major source of these funds is other financial institutions such as credit unions, banks and savings and loan associations.

Banks paying above market rates of interest often are experiencing serious problems. When such banks receive large amounts of brokered funds and subsequently fail, the cost to the deposit insurance fund is substantially and unjustifiably increased.

Latest data available indicate that banks rated 3, 4 and 5 on the uniform bank rating system hold more than \$9.3 billion of the \$24.2 billion in brokered deposits in the banking system. (Banks rated 3 are considered "marginal" institutions, while those rated 4 or 5 are on the FDIC's formal "problem bank" list.)