



# NEWS RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF GOLDEN VALLEY BANK, TURLOCK, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Golden Valley Bank, Turlock, California, have been assumed by Farmers and Merchants Bank of Central California, Lodi, California. The failed bank's three offices will reopen on Monday, March 25, 1985, as branches of Farmers and Merchants Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Golden Valley Bank was closed on Friday, March 22, 1985, by California Superintendent of Banks Louis Carter, and the FDIC was named receiver. Mr. Carter said: "Significant loan losses reduced the capital of the bank to an unsafe level and necessitated the closure of the bank as a protection to depositors."

In addition to assuming about \$66.2 million in 16,000 deposit accounts, Farmers and Merchants Bank has agreed to pay the FDIC a purchase premium of \$150,000. At the time Golden Valley Bank failed, \$2.1 million of its deposits consisted of funds placed by First Empire Funding Corporation, Huntington, New York, a deposit broker. All of the brokered funds were placed in the bank between January 16 and January 21, 1985.

The brokered funds, in blocks of \$100,000 each, came from the following sources: Anchor Savings & Loan Association, St. Petersburg, Florida; Bay Port State Bank, Bay Port, Michigan; Century Bank, San Francisco, California;

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Collingdale Federal Savings & Loan Association, Collingdale, Pennsylvania; First Community Credit Union, St. Louis, Missouri; First Federal Savings & Loan of Washington Courthouse, Washington Courthouse, Ohio; First Home Saving Association, Pittsburg, Pennsylvania; First Savings Bank of Florida, Tarpon Springs, Florida; Framingham Co-op Bank, Framingham, Massachusetts; Gulf Employee Credit Union, Groves, Texas.

Lewiston Bank, Lewiston, Illinois; Litchfield Bank & Trust Co., Litchfield, Illinois; Mid Penn Bank, Millersburg, Pennsylvania; North Plains Savings & Loan, Dumas, Texas; Perpetual Savings & Loan Association, Cedar Rapids, Iowa; St. Matthew Credit Union, Grand Rapids, Michigan; Southwest National Bank, Lafayette, Louisiana; Colonial National Bank, Wilmington, Delaware; Trans National Bank, Monterey Park, California; Warrens Schools Credit Union, Centerline, Michigan; and United Missouri Bank of Kansas City N.A., Custodian for Mid-American Ins. Co., Kansas City, Missouri.

The assuming bank will purchase the failed bank's installment and real estate loans and certain other assets for \$30.3 million. To facilitate the transaction, the FDIC will advance cash amounting to \$40.6 million and will retain assets of the failed bank with a book value of about \$42.0 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Farmers and Merchants Bank.

The FDIC expects to recover a substantial portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of shareholders of the closed bank.